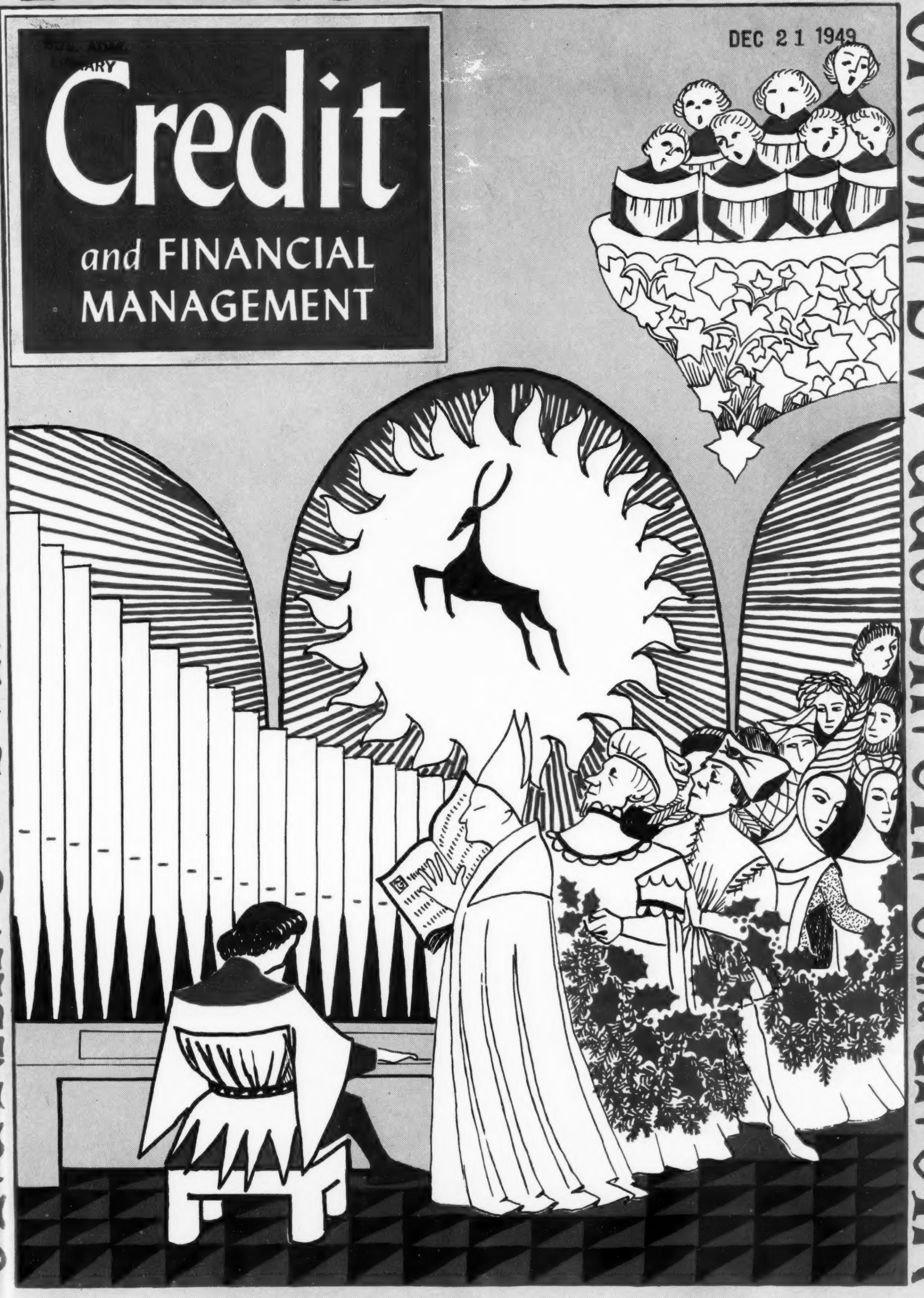
Credit and FINANCIAL MANAGEMENT



DECEMBER 1949

"The holly and the ivy
When they are both full grown,
Of all the trees that are in the wood
The holly bears the crown."

Famous American Homes

"OLD PUT"

The Farmer General

THE INDIAN TRAIL which once led past Israel Putnam's birthplace has given way to a crowded turnpike; the town, formerly Salem Village, is now Danvers, Massachusetts; but the house has withstood the onslaught of time and change and last year had its 300th anniversary. It was built in 1648 by Thomas Putnam, son of the founder of the family in this country, and himself the grandfather of Israel who was born there in 1718.

Wallpaper in General Putnam's bedroom is probably the first ever used in any house in this country

Soon after his marriage to Hannah Pope in 1738, Israel moved to Pomfret, Connecticut, later renamed Brooklyn, where he became a prosperous member of the community. Enlisting as a volunteer during the French and Indian Wars, he was soon commissioned second lieutenant and joined Rogers' Rangers. One of many narrow escapes in his eventful life occurred when Indians took him captive and tied him to a tree. Just as they were preparing to burn him alive he was rescued.

For a time Putnam lived peacefully on his Connecticut farm and augmented his income by operating a tavern where patriots used to congregate in the stirring days before the Revolution. Then in April, 1775, came the incident known to every school child. The news from Lexington reached him while he was at work in the fields. Laying down the plough and unyoking the oxen, he immediately set off to fight for freedom. At the Battle of Bunker Hill it was General Putnam who uttered the memorable command to his men, "Don't fire until you see the whites of their eyes."

Another of "Old Put's" exploits which has become part of the American legend took place on his farm where a savage wolf and her whelps had killed seventy of his sheep and goats. With a torch in one hand and his musket in the other, he drove her into a cave into which his neighbors lowered him by his feet. There he slew the ferocious beast and brought her carcass to the surface.

Israel Putnam's birthplace is now enclosed by one of the four leaves of a huge clover-leaf traffic circle which was especially designed to spare the ancestral home. The present owner, who founded three well-known private schools in New England, has devoted a half century to the maintenance and restoration of the house. It is occupied by one of her sons whose child represents the tenth generation of Putnam descendants to live there. The Putnam homestead claims the distinction of being the oldest house in the country to have remained in the continued possession of one family.

* * *

The Home, through its agents and brokers, is America's leading insurance protector of American homes and the homes of American industry.

"...we saw His star in the east..."

Christmas has become an almost universal holiday. Irrespective of faith or religion, mankind has accepted it as a day set apart in our crowded year. Is it not a day to commemorate and review the teachings and philosophies of all religions? Christian people should not claim it exclusively as their own. To do so would be to disregard those, who, of different faiths, have honored and respected it, and who too have found hope and comfort of soul in the spiritual concept it commemorates.

Only the irreligious, communistic plotters against all that is good and wholesome in civilization abhor it. But even they cannot escape the world-embracing light of the Star of Bethlehem. Even they must realize how futile are their plans and how inevitable the failure of their attempts to destroy mankind. They cannot hide its benign rays from their enslaved people, for it penetrates into every nook and corner of the earth.

This radiant beacon brings joy and comfort, peace and understanding to the souls of men and confirms their belief in a Supreme Being.

Above all, Christmas is a family day and the greatest institution ever created by God is the family. It is a day for special thoughtfulness for our children—the boys and girls who will shape the destiny of the world of tomorrow. It is a day when all that is good and gentle, sweet and peaceful, permeates the home. Yet, although it is a day for the expression of special love for our children, we can make our Christmas a happier day if we give as much thought to our children and our families on the other days of the year.

We might well at Christmas time ask ourselves what burdens we, the mature of the world, are placing upon the younger generation. We constantly talk about the exploitation of natural resources and injustice toward this or that group. We have heard too little, thought too infrequently, and disregarded too often the tragedy of exploiting our children and grandchildren. No other words describe the burdens we are placing upon the young people who certainly deserve the same opportunities enjoyed by their parents and grandparents.

What opportunities in life will we bequeath them? What freedom will they inherit? What great objectives will they be able to fulfill in their lifetime? Have we left them opportunities to realize them? Let us think of these hereditary rights of the children of a free country and resolve to see they are ensured them. Then we will be living up to the teachings of the Master when He said, "Suffer the little children to come unto Me and forbid them not: for of such is the Kingdom of God."

Henry H. Heimann

HENRY H. HEIMANN,
EXECUTIVE MANAGER

COMING EVENTS

1950

February 18-19
Southeastern Biennial Credit Women's Training Conference
Chattanooga, Tenn.

◆

March 3-4
Eastern Divisional Secretarial Conference
Washington, D. C.

◆

March 17-18
North-Central Credit Conference
St. Paul, Minn.

◆

May 14-18
54th Annual Credit Congress
Biltmore Hotel,
Los Angeles, Calif.

◆

October 19-21
Tri-State Conference
New York

◆

October 20-21
Ohio Valley Regional Credit Conference
Louisville, Ky.

◆

October 26-27
Tri-State Conference
Waterloo, Iowa

Credit and FINANCIAL MANAGEMENT

DECEMBER, 1949

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(Cover picture drawn specially for this issue by Janet Jones. The words beneath the picture, and those in the border, are the first stanza and the refrain respectively of the traditional English carol "The holly and the ivy.")

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Notes on the 1950 prospects for

Business in a Political Economy

by HENRY H. HEIMANN
Executive Manager, National Association of Credit Men

WHETHER you are for or against the government policies of today the present trends in government mark a break with the government of the past. Neither we nor most of the rest of the world live in a natural economy; we are living in an age of political economy. It is hard for the young and middle age people to clearly discern this shift from a representative form of government to a government of political objectives.

A political economy can and does create a state of affairs that gives the appearance of well being and prosperity; it can and does make for artificial activity in business, agriculture and employment. What it fails to do is to recognize that this false state of well being is only made possible because it has ruthlessly depleted the reservoir of credit so laboriously accumulated by the past generations of pioneering and thrifty people. Above all it deliberately avoids a discussion of the even more important fact that in order to keep in power or continue its socialistic and paternalistic program it is mortgaging the labor and thrift of the generations to come.

A political or managed economy has historically proven the best architect for designing a fool's paradise. It has by its very nature been the cause of the eventual collapse of flourishing nations and progressive civilizations. It is a selfish type of economy that disregards the welfare of those who would follow.

Because we and most of the world are living in a political economy let us consider some of the evidence of such a situation as found in our home and business life.

TODAY, in an economy totaling over 200 billions of dollars annually, we find that government expenditures account for over one-fifth of our so-called prosperity. This means that the influence of government on the lives of our people and upon the state of our economy is tremendous. Because this influence is so tremendous we find government regulation necessary to maintain a managed economy. Because we are so dependent upon government we find our people less self-reliant. Because we are restricted in our normal opportunity to work for our own security through preventive tax burdens we look to government to supply our needs when our productive capacity is in a decline.

Whether we are engaged in farming, in business, or if we are wage earners or in a group who depend upon fixed incomes we must more and more make our lives conform to the pattern predetermined for us by government. We must and do actually finance the government in its programs irrespective of the fact that many of us believe these programs, if continued, will eventually liquidate the representative form of government which in so short a space of time has given to mankind unequaled freedom and a way of life unmatched in all recorded history.

In business we find a new competitor who holds the added position of a silent partner as well. We face the competition to win our customers and we have the silent partner constantly at the cashier's window insisting on taking two-fifths of our earnings.

THE law of supply and demand is a dead letter or nearly so in a political economy. Money is artificially created, the hiring price of money artificially controlled and the convertibility of money denied. It is interesting to note the arguments against a return to a gold standard. Many and varied reasons are given to camouflage the real objection by those who would plan our lives. The real reason is that they fear convertibility might prove disastrous to a spending philosophy. A political economy just naturally breeds cowardice.

In the field of agriculture, a political economy makes for both abnormal surpluses and unnecessary scarcities. The subsidy pattern makes scientific and sound farming difficult. Once undertaken it eventually leads to regulation.

In business, the political economy exacts such a heavy portion of the results of efficient operation that it destroys incentive. Through a tax burden essential to maintain a political economy it kills initiative and warps capital structures. The present tax law puts a premium on debt capital because a political economy is a debt economy.

The wage earner receives more

and more dollars of less and less purchasing power in this type of economy. He delights in the belief he is making progress, seldom realizing that all the accumulated savings of his past efforts are being slowly liquidated by the inflationary effects of increased dollar wages not based upon increased production. His leaders do not educate him to the fact that the soundest increase in wages he can possibly receive is a tax reduction. A tax reduction would not only give him more take home pay but would put added purchasing value in the dollars in his envelope and in his savings that he may have in the bank or that he may have invested in "promises to pay."

IN A political economy, the nation is fed economic fallacies. They are essential to temporarily maintain that type of economy. Nothing can permanently maintain it. Our export trade as an example has been maintained with tax money for over twenty years. Despite this move global gratuity programs are on the drafting board. Our huge farm surplus exposed to view is a political liability and visible evidence of the consequence of a political economy and therefore must be taken out of sight.

In a political economy the thrifty and those who seek to live in their advanced years on their savings of the past are the victims of thieving—no other word more fairly and accurately describes it.

It is difficult to plan and program ahead in a political economy. Too much depends upon government policy and action. In a natural economy you can with reasonable certainty know what may be in store. Who can predict what the government may do in matters of taxation, of subsidies, of tariffs, of devaluation, of credit regulation, of gratuitous plans, and of government spending? The most one can possibly do is to assume that the trend cannot be altered except through the polls. Nor is this a political statement in the sense that it is pro-Republican, pro-Democrat, or pro-any other party—it is pro-conservative. A sound fiscal policy candidate irrespective of party label deserves the support of those in disagreement with the trend.

The very future of the representative form of government is day by day being put to the test. In 1950 we shall in my opinion decide whether or not the government of the future will continue to liquidate the natural economy.

MEANWHILE, of course, we are face to face with a New Year. We will conduct our business in 1950 as we have conducted it in this year. What we can expect and how we should plan are logical questions. No one can gaze into a crystal ball and come up with the right answer unless he is lucky at guessing. However, we can assume certain facts that we are reasonably certain will exist through the greater part of next year. It is a fair assumption that government will not reverse its policies because for the greater part of the year we have the same people in charge of government. On this assumption it would seem one would be justified in counting on the following:

The government will continue to subsidize the farmer. The farmer's income though reduced in the year ahead will still be above normal. The non-parity crops will be partially relieved by gratuitous global plans. Taxation which is restricting farmers' markets will not be materially changed except possibly for transportation tax.

Government taxes will remain high. The effort to increase corporate taxes will be challenged. Some relief may be given in the elimination of incidental war taxes and refinement of the tax laws to eliminate certain inequalities.

Business will continue above normal but earnings will decline. Watch the capital structure of business in the year ahead. Business is getting more into debt which from a long range view calls for banking caution.

Labor will shift its demands from dollar wage increases to security measures. Towards the close of the year it will inaugurate a new demand, for participation in stock and bonus plans now enjoyed by management.

The forgotten people—those who have invested in "promises-to-pay" will begin to get organized. They will be more of a political factor from here on out.

A demand for the restoration of the gold standard will grow but not be granted in 1950.

Propaganda will be unleashed with added fury during the year. You must do your own thinking in 1950.

Retail trade will be good but retail earnings will decline due to the constantly mounting break-even point. Retail totals will be slightly less than in 1949.

Interest rates, artificially controlled, will not vary much. On government securities, as an example, the range will be limited to a quarter of one per cent.

Attempts to further regulate banking and other forms of credit will be made. They will be only partially successful.

The battle of the century, politically speaking, will be staged in Ohio in 1950.

Russia, which is suffering from indigestion, will continue to bide time. The communists will yield enough to enable her to partially consolidate her gains.

•

DURING the National Board meeting in Chicago, November 14-16, I conducted a survey among the board members to see what changes had been made or were to be made in their companies' policies and also to sound out their opinion about the prospects for 1950.

Approximately 50 people answered the questionnaire, not a large sampling of business opinion to be sure, but, significantly, they represented almost every conceivable line of industry and every area of the United States. They provided, therefore an unusual pattern of thought on both an industry and an area basis as to the future of business.

The first question I asked was whether they expected an increase in earnings and sales volume in 1950. More than half of them said they did, a surprising response indeed.

About one-half stated that their companies had a non-contributory pension plan and that both office and factory workers benefited alike. About one-fourth indicated that their companies had no pension plan at all. A very few indicated that factory workers' pensions were on a more liberal scale. On the other hand, a few indicated that the pension plan they had in effect was for

the office alone and was on a contributory basis.

Exactly one-half stated it is more difficult to collect accounts while one-half felt that their experience in collections was no different from last year.

I asked them whether their executives were taking more, less or the same interest in governmental and civic affairs. The answers were over half for more, slightly less than half for the same and none for less.

In reply to another question one-third of the respondents said that the relationship between employee and employer had improved, and two-thirds felt that it was the same. Significantly only one member reported deterioration.

Two-thirds of the companies these people represent intend to make the same expenditures for plant expansion and re-equipment next year. Slightly less than one-third expect to spend more. Just two firms will spend less. About one-half stated that their credit department was being given more attention by management and half said there had been no change.

The final question — "What change has taken place in your break-even point during the past year?"—brought mixed results. Half said it was higher, a fourth claimed it was lower and the remaining fourth registered no change.

What are the prospects for

Prices and Profits in 1950?

BY DAVID M. FREUDENTHAL

Formerly Business Consultant, and Vice-President and Treasurer, Bloomingdale Brothers, New York

JUDGING by the results of the first six months of this year, conditions vary materially both from industry to industry and also within industries. Analysis of 687 individual manufacturing companies showed that profits for the first six months of this year in 458 cases showed smaller earnings or greater losses than in the corresponding period of '48, while 229 companies had reduced their losses or increased profits. This group included both durable and non-durable goods. Another study made of the earnings in the second quarter of this year, shows startlingly different results. Fifty companies were tabulated and of the fifty, twenty showed an improvement in profits over the corresponding second quarter of 1948. Of these twenty companies showing increased earnings, fifteen companies showed larger sales in the second quarter of 1949 than 1948; two companies showed decreases in sales, and three did not report sales.

This matter of sales value is becoming increasingly important. During the war years, as volume grew, fixed expenses likewise grew almost proportionately. The result is today that the break-even point in most companies has risen very considerably above what it was in the prewar periods. Now, faced with the prospect of declining volume and with fixed expenses increased, the margin between a profit and the break-even point has become slimmer and slimmer. In the last study which I quoted above, it is more than coincidence that such a large portion of the companies that reported increased profits in the second quarter of 1949 also increased sales. The real problem for business today is in its expense management. In the retail business where volume of sales has materially decreased this year, the prospect for profits in 1950 has been materially enhanced by the determination of management to study its expense problem and try to get back to a fixed expense rate proportioned to the new and lower volume. In this particular field, the great likelihood is that the average transaction value will decrease and that therefore dollar volume of sales will likewise decrease. An aggressive approach by managements to their expense problem, particularly with respect to the fixed expenses will, I feel confident, produce profits in 1950 at a more satisfactory level. In fact, in many cases, it is the only hope for remaining in the black.

ONE so often hears proposals that added volume should be taken on by a company at a loss in order to bring down the percentage of fixed expenses. As a rule, it seems to me that the drive for that kind of volume represents bad thinking. The exact measure of the amount by which overheads are decreased as against the prospective net profit loss in the new volume of business should be carefully studied. In most cases, simple arithmetic makes it obviously a mistake. Then too, so many plans with respect to new and added business go wrong because of the amount of management energy and thought required to put over the new deal at the expense of the old and profitable business.

This present business era is suffering still from the over-profitableness of the boom period. There is nothing worse for a business than to have so large a margin of profit that management can afford mistakes. When margins are so high, it follows almost inevitably that management gets very soft. It would seem to me that in the period immediately ahead of us, your measurement of managements' effectiveness will be more important than ever before in determining the credit you will accept and the risks that you will undertake.

THE general conclusions that I would reach from all of this are as follows:

I think that prices in the remainder of the second half of 1949* will remain relatively stabilized, with a slight drift downward. This is a general statement and there may be some exceptions to it. Similarly, profits in the second half of 1949 will be higher than they were in the first half and not too far below the corresponding period in 1948.

During the first six months of 1950 the spots where prices and profits will become lower will increase but these profits will not be as good as the last half of 1949. The majority opinion which I have been able to tap and which I regard as valid economic opinion, indicates that there will be another downswing in business in 1950. It is my conviction that the low point will be slightly below the low point of July, 1949.

I think that there are many factors that operate toward control which will prove to be a safeguard toward too violent a decline in 1950. Not the least of these factors is the point of view adopted toward the end of August by the Federal Reserve Board and, particularly, the point of view of Mr. McCabe, its Chairman. His point of view expressed to Congress that "equity capital is attracted by increased dividends" and that the "growth of American industry has depended in the past very largely on private investment sources" is helpful. This same thought is continued in the mid-year report of the President's Council of Economic Advisors. An expanded level of private investment and the importance of establishing a flow of private savings into industry will again produce the desirable objective of an expansion of American business. If this purpose is vigorously encouraged, it will help greatly in the reduction of unemployment. Then too, there is the utilizing of government spending in times of deflation. If such a policy is correctly administered, it could have a material effect on maintaining a more stabilized level of national production.

I have not mentioned the effect of the devaluation of the pound, first because it is not too clear yet what the ultimate effects will be on our economy, and secondly because I believe these effects will be long-range effects. Certainly, it is obvious that although devaluation may have some adverse results here, we cannot afford to have a bankrupt sterling area so long as we continue to produce in our economy more than we can consume. Whether devaluation is the ultimate solution of the problems of England is another question. It was a necessary operation which in itself will not cure the patient but will relieve it of some of its pain. It will, of course, inevitably mean that we will import more goods from abroad than we have heretofore and that we may export less goods during the first phases of devaluation. Beyond that, the effect on our monetary system will be long-range in result.

THE genius of American business is being put to the test. These are years of adjustment. We have serious problems to face—but not so serious that those who have ingenuity and persistence cannot overcome them. We have been through worse periods than those which are ahead of us in the next year—and there are many factors of safety in the present situation which will help us pull through with profit to some and with maintenance of position for many—and with a minimum of loss to the minority—if we are smart, and I think this industrial America is just that.

* These remarks are taken from a speech which Mr. Freudenthal delivered on October 25 during the convention of the National Conference of Commercial Receivable Companies, Inc.

North Dakota Continues Fight for
PAR CLEARANCE
By all Banks in the State

THE North Dakota Par Clearance Committee is intensifying its campaign to bring the problem home to all the people. The latest step is the publication of two folders, written in very simple, lucid style, one explaining just what the par clearance controversy is all about, the other giving details on what to do about it.

Explaining that a bank check is a promise to pay money, and not the actual payment, the first folder, entitled, "A Check is a Promise," explains that a promise to pay should be as good out of town as it is at home, and if an out of town bank clips some of the value off your promise and keeps it for itself your out of town promise is not worth what you thought it was and intended it to be.

The folder goes on to explain that a bank is the agent of its depositors, not of the people to whom checks are drawn, and that depositors should choose banks which will honor their customers' promises and transfer their funds as directed.

In the second folder the committee drops all mention of "Par Clearance," "Service Charge," "Exchange," "Float Charge" and so on and substitutes for them forthright expressions like "Full Value," "Promise to Pay" and "Honesty."

This booklet tells its readers how to protect themselves against unfair charges whether the check is received personally or by mail. In cases where checks are received personally from the maker four steps are recommended:

1. Complete the transaction.
2. Place on the back of the check the "Full Value Stamp" which reads as follows:

(*Continued on Page 40*)

TAX EQUALITY IS COMING!

by **JOSEPH LEOPOLD**
Attorney-at-Law, Dallas

BUSINESSMEN are closer to victory in their long fight for competitive tax equality than they have ever been at any time before. Doing business without paying taxes is assuming such proportions that the Congress is definitely worried by the tremendous loss of Treasury revenue and by the growing implications that the long-established system of profit enterprise is relentlessly being pushed toward socialization and destruction. Every indication points to the probability that a remedy for the present unfair situation may be made a part of the next tax bill that is adopted by Washington.

It is about time. Almost any day now, you can read in the papers how some good old taxpaying concern has been gobbled up by a tax-dodging cooperative, or absorbed by a tax-exempt school, or swallowed whole by a so-called charitable trust. Or the headlines may tell of some group of dealers who, in the final desperation of trying to keep alive, have decided to reorganize their businesses on a tax-free basis. Or of some manufacturer who is pulling up stakes and moving to Puerto Rico, the new tax dodgers' paradise.

There are in operation today half a dozen or more ways of evading taxes on business income—all of them squeezing through loopholes that were originally written into our laws for entirely different purposes. There are hundreds of concerns that are slyly taking advantage of these hidden subsidies — and threatening the very existence of their taxpaying competitors. And hundreds of thousands of dollars —yes, hundreds of millions!—of highly needed tax revenue are being lost to the Treasury, or added to the bills of those who are patriotically willing to support the Government that protects their businesses and their lives.

But continued abuse of the public interest always brings its own penalty sooner or later. Eventually, the crooked political boss is shorn of his ill-gotten power. The grafter goes to jail. The subversive, trying to bore from within, is caught and exposed. The road hog is wrecked. The price gouger finds himself without supplies or customers.

And in the same way the time is coming — and coming fast — when the tax-dodger will be stripped of his advantages and converted, whether he likes it or not, into a taxpayer. That day is not so far off as we have sometimes feared it might be.

TAKE A LOOK at the evidence: In the House of Representatives, there was introduced during the first session of the 81st Congress a bill—HR 5064—which proposed to impose income tax on the business earnings of all the tax exempts. That bill, which has attracted wide attention and approval both in and out of Congress, will be up for action when the Ways and Means Committee begins work on a complete revision of our tax statutes.

In the Senate, action is pending in the same way on an amendment to another bill—HR 3905—which would tax the retained earnings of cooperatives, permitting continued exemption only to those true co-ops that do business 100 per cent with members and pay out all their earnings in cash each year.

The Secretary of Commerce, Mr. Charles Sawyer, reports that businessmen with whom he has talked in the course of a personal nationwide inquiry into the problems of business are demanding just two specific things: 1) that nothing be done to endanger the American system of free enterprise; 2) that cooperatives be taxed—and he adds that the businessmen tell him that they have nothing in the world against the co-ops except their special privileges.

The biggest of all American cooperatives — the Cooperative Grange - League - Federation Exchange, of Ithaca, New York—has recently announced that on earnings of $3,406,000 in the year ended last June, it is paying $928,000 of income tax. GLF gave up its total exemption some two or three years ago, but if it followed the practice of some other big co-ops it could still avoid most payment of income tax under liberal Treasury rulings. True enough, it ought to pay $1,294,000 of income tax, but the fact that it is paying 27 per cent of its earnings to Uncle Sam is significant

This is the text of the author's address given during the Southwestern credit conference at Waco, Texas.

of its desire to escape being called a tax-dodger and its growing recognition of the responsibility of all business to help support the Government.

LET'S see what tax-exempts are, how they operate, what profits they make, how much revenue the Treasury will collect from them when they are finally required to pay taxes like the rest of us.

First, let's take a look at the educational institutions, which have recently become your energetic, tax-free, fast-growing competitors in many fields of business.

Colleges and universities aren't taxed today because the founding fathers of our nation long ago decided that the facilities for education should not be burdened with taxes. But the founding fathers had no notion, I am sure, that universities would go into business in direct competition with taxpaying companies. How could they foresee the time when a university, for instance, would acquire a piston ring factory in St. Louis, a macaroni factory in New York, a pottery factory in New Jersey and a lot of other prosperous, taxpaying manufacturing plants—and take them off the tax rolls so that their earnings could not be taxed any more?

Can we believe that they, the founding fathers, would have sanctioned a scheme to siphon the profits of a horse-racing track tax-free into the coffers of a university?

Yet that's the sort of thing that has happened—and is happening more and more. One university has been offered 400 commercial enterprises in the past couple of years, it is reliably reported; other schools have had the same kind of proposals—and many of them have been accepted.

Yet there's no change in the competitive commercial operations of these college-owned factories and race tracks and radio stations; no change in the business profits that they make—*except that Uncle Sam no longer collects any income tax on those profits.* Why not? Why shouldn't an educational institution that goes into the manufacturing business, or the retail business, or any other business, pay tax just like its competitors?

THAT'S not the only way that tax-free money gets a college education these days. One of the newest gimmicks in business tax evasion is the sale and lease-back of commercial real estate. The *Saturday Evening Post,* a few months ago, told the story of one real estate broker who had handled $40 million of properties in sale and lease-back transactions during the past year—and said he had another $100 millions' worth coming up. It is said that one big retail chain has sold all of its store properties in deals of this kind. It works this way:

A company sells its land and buildings to a tax-exempt institution; gets cash which can then be used for expansion of the business, and immediately leases the property back for a long period of years. The school, being tax-free, can pay a higher price than the property is worth to anyone else; the rental that the former owner pays is generally less than his original carrying charges. No tax is paid on the rental income. Everyone wins except the Treasury—and you the taxpayer.

The use of so-called charitable trusts and foundations to avoid payment of Federal income taxes was exposed in a long series of hearings on the operations of the———Corporation by a senatorial investigating committee a year ago.——— syphoned profits into these foundations and reinvested their untaxed income either in the———properties or in properties which were leased to the———Corporation.

Senator Tobey has introduced a bill in the Senate and Congressman Robert Kean of New Jersey has introduced a similar bill in the House aiming "to prevent the use of tax-exempt organizations and charitable and educational trusts for tax avoidance purposes."

Congressman Kean proposes that all tax-exempt organizations, with certain specified exceptions, shall annually file with the Commissioner of Internal Revenue a statement of income, receipts and disbursements, and that they shall be required to pay income tax on their earnings unless they distribute 75 per cent for charitable or educational purposes.

They will be taxed before long—you may be quite sure of that.

AND then we have the Government-owned businesses—operating on taxpayers' money, often paying no interest for the use of their funds, and paying no taxes on their earnings even though they compete directly with privately owned companies in the same lines of business.

Many cities have publicly owned utilities—electric companies, water companies, traction companies—which pay no income tax. Numerous states operate liquor monopolies—and pay no income tax. The Federal Government has a barge line on the Mississippi River, banks of various sorts, a plant making rum in the Virgin Islands, a railroad or two, and—biggest of all—the Tennessee Valley Authority, which was originally set up as a flood control project and then spread out into the production and sale of electric power—not only to farmers but also to some of the biggest corporations in America—the manufacture of fertilizer ingredients which no one can buy except cooperatives, the operation of towns and tourist camps and all sorts of other things—all in direct competition with taxpaying businesses, but paying not one red cent of tax to the Government.

We can only hope that Congress will decide to do something about that soon, for unless we watch out, there will be a lot more Government-owned corporations modeled after the TVA design—the proposed Columbia River Authority, the proposed Missouri Valley Authority, the proposed St. Lawrence Waterway, and others which are no more, in the end, than a move toward the

nationalization and socialization of all business in the country.

All Government-owned businesses should be taxed on their earnings.

ANOTHER kind of business that is exempt from Federal income tax is that done by labor unions. A labor union is specifically exempt from Federal income tax —pays no tax on income received from renting buildings in many cities, even though its properties are in direct competition with buildings owned by people who depend upon the income for their livelihood and pay income tax on every red cent.

But that's not all. CIO's United Automobile Workers are now backing a multi-million-dollar cooperative store operation. A dozen stores are open in the Detroit area. They sell groceries, appliances, clothing, etc. Their announced aim is the capture of 50 per cent of all retail trade — get that, FIFTY PER CENT OF ALL RETAIL TRADE!

Union-owned cooperative stores pay little or no income tax on their earnings, even though they compete directly with taxpaying stores in their neighborhood.

Still another tax dodge for business is offered by our island territory of Puerto Rico. It has only recently been discovered by business —but already more than 40 concerns have either closed their mainland plants and moved, or have set up new factories in this tropical paradise where local taxes on new business properties have been suspended for twelve years and where Uncle Sam collects not a thin dime in corporate income tax.

It is a subsidy, we are told, to stimulate manufacturing in a land that has had few factories in the past. Its effect is further to deplete our Treasury's collections. Various New England mills have moved— one of Textron's plants, one of Goodall - Sanford's Palm Beach clothing factories, and the Beacon cotton blanket company. And so attractive is the advantage that it was recently announced that the Duffy's Tavern radio show was contemplating moving its broadcast to Puerto Rico, where its profits will be able to avoid taxation.

And finally we come to the cooperatives, whose dodging of income tax on earnings is the subject of searching inquiry both in and out of Congress.

YOU must understand that the co-op evasion of taxation is legal enough, though the laws under which they escape taxes were written twenty to thirty years ago, when the co-ops themselves were entirely different from what they are today, and the rates of income tax on individuals and businesses were a mere fractional part of the amounts that we have to pay today.

Let me explain just a little further. The law the Congress passed in 1916, about the middle of World War I, stated that "farmers', fruit growers' and like associations, organized and operated on a cooperative basis and acting as a selling agent for members" should be exempt from payment of income tax on their earnings. The co-ops that came under the provisions of that law, were, for the most part, little local groups of farmers who were selling their apples or grain or livestock or oranges together so that they would get a little better price than each farmer could get alone.

But that isn't cooperation today. Cooperation today is Big Business. Besides marketing farm products, the co-ops now sell cigarettes and vitamin pills and toothbrushes; they manufacture tractors and lipstick and cornflakes; they drill oil wells, refine petroleum products and ship gasoline all over the world; they operate banks, insurance companies and newspapers; hospitals, radio stations and tourist camps; hardware stores, coal mines and funeral parlors.

There are today plenty of cooperative organizations with annual sales that run to the hundreds of millions of dollars; numerous wholesale co-ops whose untaxed profits rival those of the stock exchange blue-chip list; and manufacturing co-ops whose plans look forward to the liquidation of profit-making taxpayers and the substitution of their own so-called "non-profit" operations.

EVEN in the category of those that might without too great a stretch of the imagination still be called "farmers', fruit growers' and like associations", you will find businesses doing two to five millions a year, and accumulating untaxed earnings into overpowering capital structures. That's not small business and it's not business that won't hurt the taxpaying competitor down the street.

In their growth to size and power, co-ops have been helped along by the very thing that has kept their competition dragging in the dust— high income taxes. The income tax was only one per cent when the co-ops were first exempt. It was only 12 per cent in the late 1920's. But when it reached 90 per cent, in World War II, the heyday of cooperation arrived. Then, while taxpaying business forked over most of their earnings to Uncle Sam, the co-ops kept their profits in the business and they grew and they grew and they grew.

They are still growing, for the differential is still 38 per cent.

In 1946, cooperatives of all kinds did about 13 billion dollars in business volume. In 1947, they did about 15 billion. Last year, according to careful estimates, they did more than 17 billion. In less than another five years, at their present rate of growth, they will be doing at least 25 billion.

Why should they continue to go tax-free?

A FEW years ago we fought and won a great war. Business paid higher taxes than ever before, and still the Nation went into debt to the tune of more than 250 billion dollars—which eventually will have to be paid by taxes.

In that war effort, the cooperatives profited greatly — but they paid little or nothing toward the victory that was won.

Now we are spending billions in preparation for a possible third world war. We are spending more billions to support agricultural production — donating tax money to the members of cooperatives and other farmers. We are proposing to spend still more billions in Federal aid to education, to support a mammoth system of socialized medicine, to care for the aged and the infirm, the widows and fatherless children.

Cooperatives and their members expect to share in these expensive benefits, but they are fighting tooth

and toenail to keep from paying the smallest share of the costs.

I am confident that in the end Congress will take away the special privileges, tax and otherwise, on which the co-ops have been thriving for all these years. But the co-ops will not give up easily. They are arrogant; they say it is un-American to ask them to pay taxes like the rest of us. They are powerful, with millions of members. They are politically potent after 20 years of experience in lobbying for special privileges. They are well organized, from the national level all the way down to the local farms. They are rich, for many of them enforce a check-off system, like that of the labor unions, to finance what they call their "educational activities". And many of them are even now monopolies, with all the power that goes along with monopoly protected by law from any prosecution.

One of the co-op attorneys, in a case where Government was trying to break up a monopolistic milk situation in that City of Washington, D.C., told the court: "Elimination of competition is a perfect legal right of a cooperative and the very end and purpose of a cooperative . . . It is our right to become a monopoly."

And so it is—under the terms of the Capper-Volstead Act, passed in 1922 and still on the law books. But that, too, may be changed. The House Judiciary Committee is now studying all monopoly concentrations and we are assured by the chairman, Congressman Emanuel Celler of New York, that he will look into this co-op situation.

WELL, how much money is Government losing by its permission to certain kinds of business to operate without paying income tax? How much additional revenue will flow into the Treasury when we stop this unfair foolishness and tax ALL competitive businesses on an equal basis?

Let me give you some figures—compiled carefully and conservatively by men who have made a close study of the whole matter:

Mutual organizations, including cooperatives, mutual savings banks, the Army's post exchanges, some mutual insurance, beneficial associations and the like, have estimated profits from business activities amounting to nearly $2 billion a year, on which the normal income tax would be about $630,000,000.

Group interest organizations, including labor unions, agricultural associations, business organizations and social clubs, have estimated net income from business activities of

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Conference Board Survey Shows Britishers Must Work Longer Hours to Earn Price of Personal Budget Items than Do New Yorkers

WHILE an ordinary worsted suit costs $40.75 in New York as against $27.30 in London, the London buyer must work 75.21 hours to obtain the price of his $27.30 suit while the New York buyer only has to work 28.76 hours for his higher-priced suit according to a report issued by the National Industrial Conference Board on November 28. Immediately after devaluation, the Conference Board flew a team of researchers to London, their mission being to compare items in the budget of the average Britisher and to translate them into hours of work required to purchase them.

The Conference Board reports the following table of comparable items at retail in New York and London stores and shows these prices not only in dollars but hours of work in both London and New York during September 1949.

	Dollars		Hours of Work		London Cost in Hours as % of New York Cost in Hours
	New York	London	New York	London	
FOOD					
Bread, 1 lb., white	$ .16	$ .04	.11	.11	100.0
Potatoes, 5 lbs., white	.21	.09	.15	.25	166.7
Tomato juice, 46 fl. oz.	.21	.46	.15	1.27	846.7
Sugar, 5 lbs.	.45	.29	.32	.80	250.0
Tea, ¼ lb.	.25	.11	.18	.30	166.7
Coffee, 1 lb.	.48	.26	.34	.72	211.8
Milk, 1 qt.	.20	.12	.14	.33	235.7
Butter, 1 lb.	.73	.23	.52	.63	121.2
Milk, condensed	.09	.06	.06	.17	283.3
Eggs, Grade A, 1 doz.	.83	.56	.59	1.54	261.0
Chicken, 1 lb.	.45	.41	.32	1.13	353.1
CLOTHING					
Suit	$ 40.75	$ 27.30	28.76	75.21	261.5
Shoes (Men's)	8.98	6.08	6.34	16.75	264.2
Hose (Men's)	.85	.83	.60	2.29	381.7
Hat (Men's)	5.10	5.25	3.60	14.46	401.7
Dress, house	3.05	3.29	2.15	9.06	421.4
Hose, nylon	1.53	1.55	1.08	4.27	395.4
Hose, rayon	1.38	.91	.97	2.51	258.8
Shoes (Women's)	6.11	6.08	4.31	16.75	388.6
HOUSEFURNISHINGS					
Dining room suite	$193.80	$100.33	136.77	276.39	202.1
Vacuum cleaner	57.17	45.07	40.35	124.16	307.7
Radio	30.55	23.52	21.56	64.79	300.5
MISCELLANEOUS					
Toothpaste	$ .20	$ .21	.14	.58	414.3
Shaving cream	.45	.36	.32	.99	309.4
Haircut	.90	.21	.64	.58	90.6
Newspaper	.05	.01	.04	.03	75.0
Cigarettes	.20	.49	.14	1.35	964.3
Soap	.15	.16	.11	.44	400.0
Gasoline	.26	.29	.18	.80	444.4
Scotch	5.95	9.80	4.20	27.00	642.9
Gin	3.46	4.53	2.44	12.48	511.5
Beer, bottled, 12 oz.	.13	.16	.09	.44	488.9

THE ROLE OF THE FACTOR

in our present-day economy

by WALTER D. YANKAUER
Executive Vice-President, Mill Factors Corp., New York

THE factor has a long and honorable history in trade, stemming from the guild factors of the Middle Ages and early Renaissance Period, and coming down in more modern times to the commission merchant or factor who came into prominence in this country in the 19th Century chiefly in connection with sales of imported merchandise. The word "factor" in recent years has been so far broadened from its early and historical concept that it has been used to describe many varieties of business operation far afield from and perhaps scarcely even related to the business of factoring as it was known and practised in Europe and in our own early history. The dictionary definition of a factor is an agent with power to sell for the account of his principal, but in modern business the term "factoring" is generally used to describe a financing or credit operation.

Even among the modern factors there is some differentiation and distinction as to the type of business which they transact. Although it may be somewhat anachronistic, the factors who finance the operations of textile merchants on a notification basis have been sometimes called "old line factors".

Because it is with factoring in the textile industry that I have had my principal experience, I shall confine myself to discussing the so called "old line factor". He confines himself almost exclusively to domestic operations. Except in comparatively rare instances, imports and exports are pretty much beyond his scope.

Were I to try to formalize his function in a few words, I might separate it into three parts: finance, credit and service. In each of these three functions the factor assumes a very important role in our economy. In many ways, factoring resembles other types of financing operations, such as are performed by banks and finance companies, but it differs from them in one important respect, and that is that a factor is a purveyor of credit as well as money.

PERHAPS the easiest way to describe the role of the factor in our present day economy is to take the hypothetical case of a mill, manufacturer or converter whom, for the sake of simplicity, we shall hereinafter refer to as the client, and who has arranged to do business with a factor. The rights and obligations of the factor and his client are first set forth in a printed or written agreement called "the agreement of factoring".

After the factoring agreement has been signed business commences. The client, pursuant to the agreement, assigns to the factor all of the accounts receivable created by sales in the course of his business. This is one respect in which the operation of the old line factor differs from others, that is, the old line factor requires that all of his client's accounts be assigned to him. Moreover, he purchases the accounts receivable and becomes their owner. He does not merely accept them as security for advances. This creates another point of difference. If a bank were to loan a customer upon the security of accounts receivable assigned to it, the balance sheet of the customer would show as an asset accounts receivable of $X, securing advances of $Y, which would probably be the face amount of the accounts receivable less 10, 15, or 20%. Although the factor also finances the accounts receivable of his client, since he is the owner of the accounts, instead of claiming an amount due him for loans secured by the assignment of accounts receivable, his client's balance sheet will show as an asset the net difference between the purchase price of the assigned accounts and the amount advanced thereon.

It is important to note that this difference appears merely as an account receivable on the client's balance sheet as due from his factor. This type of accounting procedure not only creates a better balance sheet position for the client by improving substantially the ratio of current assets to liabilities, but also improves the client's capacity to obtain credit from his suppliers, because these suppliers know that through the medium of factoring they will be paid for their supplies, and that their customer is not going to suffer losses through the nonpayment of any of his accounts receivable. This, because the only outstanding account receivable which he has is the amount due from his factor.

SOMETIMES a situation will arise where the client will require advances in excess of even 100% of his accounts receivable. If this be a permanent requirement, the client has two options; first, he may secure more capital for his business, either from his own outside resources or by taking in a partner who is in a position to make

a capital investment. Of course, he may not have the outside resources or, even if he has them, be unwilling to invest them subject to the risks of his own business. A partner is not always easy to find or, if found, to get along with. If the partner can be found and is congenial, he naturally would be entitled to a substantial share of the profits of the business enterprise. The alternative for the business man is to come to his factor. We factors advance him money as required, and take as security a lien on his merchandise, called "the factor's lien". The usual charge for these additional advances is interest at 6% per annum.

If, on the other hand, the client's requirement for additional cash is seasonal, instead of making a secured loan, the factor in many instances is prepared to make unsecured loans to his clients. In that way, the client may take advantage of profitable opportunities for purchases which may be offered at or before the beginning of a season. Thus the client's credit position is not adversely affected, as might be the case if there were a lien on all of the inventory owned by the client. The factor has a close knowledge of the textile industry. He is, therefore, in an excellent position to appraise the type of merchandise which his client produces, and generally has knowledge of his client's business ability and acumen, and in that way can help the client at times when needed.

Financing by factors is not in direct competition with financing by banks. This is probably evidenced by the fact that the banks are always pleased to loan to the factors substantial sums at low rates of interest, knowing that the factors will in turn re-lend to their clients at a higher rate. Even if the banks were prepared to make such loans directly to the factors' clients, the cost of operation might be a deterrent, and they are seldom equipped to make this type of loan. Generally speaking, therefore, the banks prefer to wholesale their moneys to the factors, who in turn retail it to their clients.

ALTHOUGH the factors may be retailers of money, just the opposite is the case with respect to credits. They are wholesalers of credits. Particularly in the textile industry, manufacturers need lines of credit which frequently are far out of proportion to their capital. The small or even medium sized mill or converter may not have the capital, or even the large operator, if he has the capital, probably has not the facilities to determine whether substantial lines of credit may be safely extended to his customers. The factor is a specialist in credit. So when his client takes an order, the order is submitted to the factor for credit approval. The factor is able to appraise the credit standing of the proposed customer with an intimate yet detached knowledge, for, in addition to subscribing to all of the recognized credit services, he maintains close personal contacts through his credit department with his client's customers. This is rendered possible because in a factoring operation the customer is notified that his account has been assigned to the factor, and his dealings with respect to payment are directly with the factor and not the seller.

The factor has an intimate knowledge of credit problems because of his close contacts. He has a detached knowledge because his only problem is to determine whether the customer is a good credit risk. He does not have to sell goods. Once the factor has approved the credit, subject to possible extraordinary conditions which might thereafter arise, all that his client has to do is fill his order and ship the goods. He no longer need worry whether he will collect his accounts receivable. That worry is transferred to the factor.

THROUGH the factor's knowledge of the customer's business, in many instances he will be able to extend larger credits than could his client. I have known of many cases where a factor's credit man has actually enabled sound and substantial small businesses to be built up through the extension of credit such as could not possibly have been done by a merchant to whom credit is just one of many problems and to whom styling, merchandising and marketing are all important and time consuming.

Even when credits become tight and stringent, as is the case at present, the factor continues to maintain a liberal viewpoint. Of course, he may thus sustain losses, but credit losses are computed as part of the cost of doing business, and over a period of many years the factor has been able with a fair degree of accuracy to absorb those losses, which necessarily come in declining markets. In fact, at the present time there are many firms—and large ones—who use the factor only for credit service and do not even take money from him before their accounts mature. The reason that they do this and are willing to pay the factor's charges is because they know that it is the most economical way to protect themselves against credit losses and to be sure that their sales departments do not go overboard in a falling market in trying to dump merchandise on customers who will be unable to pay for it. It is also an easy thing, when a salesman is trying to push an order, for the business man to push the responsibility of refusal to sell upon his factor.

AFTER the customer has been sold, there is a distinct advantage to the factor's client in not having to try to collect the account. Sometimes where a customer deals directly with his seller, he may be able to forestall payment by dangling forth the possibility of additional business, but when the account receivable is assigned to the factor, the customer knows that it is important to the survival of his own business that he meet his obligations to the factor when they are due. It is important for him to maintain credit standing with the factor, and frequently a customer may pay a factor when he would refuse to pay his own vendor. For example: If a customer fails to pay an account, the seller may be somewhat loath to inquire from his competitor whether the same customer is paying him. The factors, on the other hand, maintain close credit relations with each other. The trade knows this and, therefore, a customer may pay his bills assigned to factors when they are due more readily than if the account were not assigned.

If perchance the customer finds himself in financial difficulties, then he knows that his only solution is to call a meeting among his creditors so that arrangements can be worked

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A short discussion of

The Credit Department

—its function and how it may be improved

by LEO E. JONES
Credit Manager, Arkansas Fuel Oil Company, Shreveport

YOU will all agree, I am sure, that it is our function as credit people to assist our firms in making maximum credit sales. It is my firm conviction that the credit department's function is no different from that of any other department or part of the business. Aren't we all, all employees of every company, striving first and last to earn net profits for the business?

Through net profits and a successful operation, company-wide, we are providing security for our fellow workers, ourselves and our families. Basically we want security and a feeling that we belong. To feel that we belong requires an understanding of our company's purposes and aims—the part that the credit department and each job in every department plays in the overall drama.

It would be ideal if each credit department employee could spend some time working in all the other departments or phases of the company's business; however, this is not always practical. But department managers could prepare an outline of the organization and its various departments, or, in the case of smaller companies, a brief description of the other jobs in the business for the purpose of imparting to the credit department personnel the information which would make for a better understanding of the relationship of each person's job to the company's scheme of things.

Yes, the function of the credit department is to promote credit sales to the maximum, and at the same time keep down bad debt losses as our part in the overall plan to produce profits.

I WOULD suggest a detailed study of your own Credit Department. Where there is a small force it can be made in a short time. Where there is a large number of employees, have each employee cover a certain part. They can then exchange their papers with others to read and correlate.

This study will bring out several valuable points.

First, it will develop to a greater degree that most desired thing: better human relations.

Second, each employee will have a clearer understanding of what he or she is doing and what others in the department are doing if the details are put down on paper.

Third, you will discover some better ways of doing certain routines; especially will this be true if you work closely with the employees in the preparation of their papers. They will teach you a few new tricks or will more readily accept any changes that come about as a result of the game you will be playing.

Fourth, you will have a good chance to bring out the need for self-improvement and stimulation of your employees' desire for more knowledge that will assist them in their daily work.

Fifth, the analysis with specimen copies of forms will serve as a working guide and will make a handy instrument to place in the hands of new employees to assist them in learning while training on the job.

AS a step toward improvement of the Credit Department I would suggest that more authority be delegated to the department personnel. If you read the Sports pages recently, you will probably recall that L.S.U.'s coach Tinsley has been requiring his backfield to carry footballs with them into class and everywhere they went. Now all of you know that this is not a new stunt, but it is done to impress the players with the importance of ball handling to reduce fumbling.

The Credit Department employee can only get the feel of the ball and become adept in its handling by practice. This simply means you should delegate more and more authority to those under you as they develop and gain experience until they reach the point where they can carry the ball with a minimum amount of coaching from you on the sideline.

Some companies encourage their employees in self-improvement by sharing or paying the cost of courses studied during off hours so long as

This is the text of an address delivered by the author during the recent Southeastern Credit Conference at Memphis, Tennessee.

the course is related to the employment. Our company pays half the cost, provided it first approves the course to be studied and the student employee satisfactorily completes the course.

IF you will bear with me a few minutes, I would like to relate a recent incident in this connection where our company paid the total cost for the courses.

They purchased the "Check-Chart Course" which is designed for service station operators or dealers. This course was offered to all dealers and distributors handling our products at a very reasonable figure which was the company's cost. It was also offered to our sales and sales supervisory personnel at one-half cost price with the understanding that if they satisfactorily completed the course the charge would be refunded. I am sorry to say the acceptance was not satisfactory insofar as the dealer organization is concerned.

I requested a representative of the sales department to appear before the credit department and present the course to the male employees and am happy to report that we signed up 100% to take the course. This course was designed to give dealers and others a slight insight into how motor fuels, that is gasolines, motor oils and greases, are manufactured, and their function in operating and maintaining automotive equipment. It gives lots of information on the construction of automobile engines and parts.

It may seem strange that credit men should interest themselves in the problems of automobile servicing. However, we did learn a lot about our own personal cars and how they should be serviced and we now have a much clearer understanding of the problems of our dealers, and are therefore in a better position to cooperate with them and our sales department in rendering better service to our customers.

This did prove to me that there was an interest on the part of my credit men to spend some of their time in self-improvement, and I am certain this interest is a direct result of their taking part in a recent study of all of the detail of the department in preparation of a thesis which I presented to the Executives' School of Credit & Financial Management at Madison in August.

MANUFACTURERS go to a lot of expense to exhibit new equipment and methods in conventions and we should all be alert to discover machines and methods of operation that will reduce cost and promote efficiency. Attending conventions and visiting with the credit departments of our competitors and friends and observing how they operate their departments both by you and your employees will promote efficiency in your own company or department.

In communities having colleges there are usually night classes that credit men and women should be encouraged to attend.

The National Association of Credit Men sponsors chapters of the National Institute of Credit for the promotion of classes designed to assist and improve credit people and we should all take an active interest in attending and encouraging our employees and fellow workers in completing such courses available.

Any person doing credit work should have at least a working knowledge of such subjects as I list below. They are not listed in any particular order:

Accounting
Money and Banking
Law
Human Relations
Public Speaking, and Financial Statement Analysis
Marketing and Marketing Research
Economics
Letter Writing
Business English

A MOMENT ago I mentioned the Executives' School of Credit and Financial Management. As you know, this school is sponsored by the National Association of Credit Men. Before the last war it was held at Babson Institute. However, for the past three years it was conducted at the University of Wisconsin. Commencing next year it will be held at some other college or university. A new location will be announced very soon.

To attend this school, one should have a background covering most of the subjects I have just mentioned. I firmly believe that there are many businesses represented in the NACM that should send one or more persons to this school. If you have no one qualified at this time, I am sure that there are some you could prepare by encouraging them to study under the National Institute of Credit in preparation for an Associate Award, that is, a completion of four prescribed courses, or a Fellow Award, the requirement of which is to complete eight prescribed courses. Other educational background and experience may be sufficient, however, for entry in the Executives' School.

I WISH it clearly understood that I am not paid to make these suggestions. I am not even a National or Local committeeman whose function it is to spread this gospel. It comes voluntarily on my part from my observation of the great need for us continually to forge ahead so that we may perform our duty as credit executives and useful citizens.

Here is a suggestion I would like to make to Association Managers and to all members of the local Associations.

Each bureau should offer as a prize to a young man or woman a scholarship to the Executives' School for the attainment of the Fellow Award as the best allround student each year. This award could be made by a committee composed of the Association manager, the president, and the instructor of your classes or the chairman of your educational committee. This would be a great step in encouraging the young men and women of our credit departments in self-improvement.

It is of course not always possible for credit department personnel to make these studies outside of their regular duties. However, there are other valuable tools with which I am sure you are familiar and I would mention at this point the

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The Credit Man of the Future

by W. E. VOLLMER
Assistant Vice-President, SKF Industries, Inc., Philadelphia

WHILE it would seem that the subject, "The Credit Man of the Future," might require a great deal of crystal gazing—and I have no qualifications whatever as a seer—it is not as difficult as one might imagine. That is because there are already evident certain trends that give us a fairly good picture of what is ahead.

To assess the credit man of the future, however, we must necessarily look into his past. Before the beginning of this century the skilled credit man was virtually non-existent. Credits were approved generally by the principal owner of the business and he relied very largely upon his knowledge of the customer's character. Credit reports were sketchy and of little value. Available credit information was veiled with secrecy. Cooperation in the exchange of credit data was virtually negligible.

We have come a long way since then. Through experience, credit educational courses, and cooperation and contacts made possible by our own National Association of Credit Men, the credit man has become a specialist and credit management today is a most important function of any aggressive organization.

FEW of us realize the importance of our job. Take the packing industry. Receivables range from 40% to 47% of working capital, involving, in some cases, up to $80,000,000. Have you ever considered the extent to which these receivables make up your company's working capital? I know I need not remind you, as credit executives, how essential working capital is to the operation of any business. I shall say, without any reservation, that so long as accounts receivable play such a vital role in the working capital structure, credit management will continue to be an integral part of any modern business system.

It is indeed difficult for me, at least, to comprehend why some management will go "all out" to develop new business, but when it comes to protecting the assets emanating from that business, it is practically impossible to obtain an adequate appropriation in the budget. Fortunately, progressive management has recognized the importance of "guarding its profits" and has placed the credit manager and his department in a key position in the business structure.

THE concept of a good credit man has changed a great deal in recent years. At one time he was looked upon as being a necessary evil, particularly by sales departments, and with justifiable reason in many cases. In fact, there was very little in his makeup constructive to business. To use the vernacular, he was pretty much of a "milquetoast"; narrow-minded, lacking perspective, and looking upon everyone and everything with suspicion. Happily, this situation is the exception today. Where these negative qualities are still in evidence, it is not entirely the fault of the credit man. It is the fault of management in not realizing the importance of the credit department.

Today, we are confronted with new and exacting conditions — changes wrought by the war. Instead of a seller's market, which permitted credit and sales departments to become apathetic, we now have a buyer's market. Production, sales and competition are now on a firm basis. If we, as credit men, fail to meet these new and exacting conditions, we shall fall far short of being competent executives.

IN PLANNING operations of a business there are a number of functions which, in my opinion, credit management should perform. These I shall attempt to discuss briefly, for I am firmly convinced that, with the support and understanding of management, particularly sales management, substantial benefits will accrue to business as a whole.

First, I believe that credit management should sit in with the company committee on future planning. It should be informed and have an opportunity to express its views on sales quotas, expansion of markets, the entrance into new fields, changes in credit policies, and any other matters in which credit management is directly or indirectly interested. It must be apparent to you that, if the credit man is expected to be called upon to make intelligent decisions, he should be apprised of the company's plans.

Second, credit management should coordinate with sales management in the selection of dealers, agencies and sources of distribution. Independent

investigation should be made by both before concluding any arrangements that affect distribution channels.

Too often such arrangements are made on the basis of sales ability, which none of us can deny is a most important consideration, with utter disregard of ability to pay. A thorough analysis should be made and credit guidance lines should be established from the very beginning so that there is a complete understanding of the relationship. You will note that I said guidance lines and not limits! Limits give the customer the impression that the amount set is the maximum he has available and that his credit is automatically shut off when this figure is reached. What happens in many cases, instead of discussing his problem, he very often purchases from another source of supply and you lose the business. Had you been given an opportunity to pass upon the additional credit, it is likely that you would give your approval. It is vital to have a sound credit policy organized with a program of sales and distribution.

CREDIT management should obtain advance executive agreement with regard to the extent of a bad debt loss percentage. By that I mean, on a given sales quota, the amount of bad debt losses management considers as reasonable. This decision will have much to do in influencing the judgment of the credit man in approving credits. This loss percentage should be liberal enough to allow latitude and permit flexibility, for if it is not, the credit department will continually be at odds with the sales division. It is foolhardy for executive management to set high sales quotas, on one hand, and restrict credit losses on the other. Of course, there are still some credit men who believe their sole job is to keep losses at an absolute minimum irrespective of the business they lose. The realistic way of measuring the ability of the credit man is to take into consideration the business turned down together with the losses sustained.

Fourth, the credit responsibility of every customer and prospective customer should be analyzed, including an analysis of financial statements on a comparative basis, if warranted by the risk. Credit guidance lines should then be assigned and used by sales management as an aid in establishing individual sales quotas. This tends to eliminate indiscriminate selling and soliciting of business which often creates ill will among customers and prospects when sound judgment requires rejection or restriction of credit. In other words, the cloth should be cut to fit the pattern. In the long run, it will pay dividends and create good will.

Fifth, the credit man should plan to travel the territory either with or independent of the salesman. No credit man can sit at a desk and approve credit on cold figures with possibly the aid of a mercantile report. These are most helpful in enabling him to reach a decision—but it is more essential to obtain the benefit of personal contact with customers and prospective customers, particularly at their place of business.

VISITS present an opportunity to double check guidance lines and, at the same time, to observe the customer or prospect on his home ground. The customer's store or plant will reflect his method of housekeeping which may have a vital influence on the credit man's decision. If the housekeeping is sloppy, it is apt to indicate that the management is careless in its methods and policies. Visits also give the credit man an opportunity to look over the customer's bookkeeping records and check in more detail the makeup of the assets and liabilities on the customer's financial statement.

Without a doubt, customer calls tend to give the credit man closer insight and a broader knowledge of the customer's operations. Likewise, it brings about a closer relationship and a willingness on the part of the customer to discuss his problems with the credit man.

As a former officer of a large commercial bank, I strongly advocate visiting customers. It is a simple task to turn down a loan or credit application based on the facts at hand, but these same facts, along with a visit, may alter entirely the credit man's viewpoint. I am confident that you will do a better job of evaluating the customer's character, capacity and capital if you visit with him at his own place of business. To paraphrase an old Chinese proverb, one picture is worth a thousand reports.

SIXTH, the credit man must render service and qualify as a business counsellor. For if it is true that service is the force that builds business, then the credit department is in an excellent position to render outstanding service to customers.

There is one thing I should like to emphasize particularly, and that is that service should not be confused with the loose policy of letting the customer cancel or return goods, take unearned discounts and pay when he is good and ready. Many salesmen seem to think that winking at such abuses is service. In my opinion, it is just the opposite. For the practice of such abuses on the part of the customer tends toward demoralization in other directions. Genuine service is constructive. The thought back of it is to help the customer to place his house in order so that he knows where he stands and in what direction profitable business lies.

As I said previously, the credit man must qualify himself as a business counsellor. Very frequently he can be of material assistance to the customer and he should be equipped to counsel customers on costs, markup, inventory controls and credits and collections. A good credit man should make an effort to be as helpful as possible to customers, thus increasing mutual confidence. Sound advice not only cements customer relationships, but also brings about a maximum of profitable turnover and often saves a customer from financial difficulty.

THE credit man should keep fully informed regarding market trends, labor problems and competitive conditions as a means of understanding fluctuation of individual account volume. He should have a general knowledge of taxes and foreign markets if his company is operating in the foreign field. It is obvious that a correct analysis of all these factors places him in a position to pass sound judgment upon the credit risk and know just when to control credit policies.

Earlier, I touched upon the value of the credit association to credit men. I cannot stress too strongly

(*Continued on page 22*)

LEGAL NOTES AND NEWS

of interest to financial executives

Reviewed by Carl B. Everberg,
Assistant Professor of Law, Boston University

An Interesting Case on the Filing of Business Certificates

THE case of *Hart Publications v. Kaplan,* (Minn. Supreme Court) 37 N. W. 2d 814, involves a new point of importance to credit men in connection with the requirements in various states, for filing information as to the names of proprietors of businesses conducted under fictitious or assumed names. Some statutes forbid the transaction of business until a certificate is filed, and in several states no action can be maintained on a contract by one who has failed to file the certificate, or until the certificate is filed. These statutes also aid in identifying debtors. This is helpful in suing such debtors.

The above case, interpreting the statute in Minnesota, held two persons liable, long after they had withdrawn from a firm, solely on the ground that they had failed to file a change of ownership certificate. These two defendants had originally been shown in a business certificate as members of the firm and the creditor had sold some goods at a time when they were so registered. The court said that the statute did not require that persons extending credit to owners of a registered business, be, at the time, aware of the existence of such certificate; yet, failure to file a change of ownership certificate renders withdrawing members liable to persons extending credit to the firm as long as the failure to file persists. The only modification of such strict rule would be in the event that the creditor had actual knowledge of the change of ownership.

While such statutory liability may seem inordinately severe upon members of firms who overlook the filing of a change of ownership as required by statute, the effect of it may become a deterrent to cases of racketeers who occasionally buy out a business operating under an assumed name and obtain goods under the guise of the name assumed by the former owners. With the required change of ownership certificate complied with, the chances of fraud are undoubtedly lessened.

Massachusetts has added something new in the matter of business certificates in this year of 1949—C. 612, s. 5A of the Acts of 1949. This requires a non-resident doing business in Massachusetts to file a certificate with the clerk of each city or town where he does business, setting forth his full name, address and place of business and the trade name under which he does business, *and also a statement whereby he appoints the clerk of each such city or town, his true and lawful agent upon whom all process in suits may be served* in any action arising out of business transacted in the commonwealth. This helps to overcome the difficulty of suing a non-resident trading under an assumed name.

The Case of a Bank Paying a Check to the Forger of the Payee's Signature

RECENTLY, in the case of *Land Title Bank v. Cheltenham Natl. Bank,* (Pa. Supreme Court), 66 A 2d 768, the spectacle of a bank's conventional peril in cashing a check is borne out in loud overtones. This case brings to the consciousness the realization that there are people lying in wait to victimize trusting persons at all times and places. Though statistics tend to show that but a very small portion of the public are deliberately dishonest, a credit man cannot help but become fraud-conscious since he is the target for much of the fraud which is abroad in the country.

In this case, one K owned property in Philadelphia. Without her knowledge or authority one B applied to Willow Highlands Company for a loan of $8,000 on that property. The loan was approved. At the settlement at the office P (the title and trust company) B appeared (but not K, the owner) and represented that K was really his "straw" and he produced a bond and mortgage purporting to be signed by her and the mortgage had been acknowledged before a certain Notary Public. In fact, her signatures had been forged and she had not in fact acknowledged the mortgage.

The mortgagee deposited the $8000 with P who drew a check on itself for substantially the same amount, payable to the order of K. P handed the check to B (the impostor) who indorsed it in the name of K and cashed it at D Bank. D Bank was reimbursed through the usual channels, P paying the check. Upon discovery of the forgery P gave notice of the forgery and demanded payment (since P, of course, did, or would, have to make good the $8000 to the mortgagee who received a worthless paper).

In connection with this action it happened that B had worked the same scheme with reference to another piece of property belonging to K, and this transaction involved $5500.

WHERE a check is made payable to the order of a person

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named therein, the absolute duty of a bank honoring the check is to pay only that payee or according to his order, and no amount of care will protect it from liability if it pays the wrong person. It must ascertain and act upon the genuineness of the indorsement at its peril.

But P could recover from D Bank because the latter had obtained no title and consequently it had no right to collect from the drawee, and such collection having nevertheless been effected, P is therefore entitled to recover the amount thus erroneously paid.

D attempted to escape liability on the ground that P was precluded by its negligence in (1) not requiring K, the true owner to have been present at the settlement and (2) in delivering the check to B instead of mailing it. But the court said that the mere fact that a man has allowed himself to be duped does not imply negligence. P had no reason to suspect that two Notaries Public would falsely certify that the mortgagor had personally appeared. The court commented on the fact that people must take many things on faith. For example, even if a person representing herself to be K had appeared at the settlement, there could have been no more guaranty to P that such person was not an impostor.

The court further said that there is nothing irregular in entrusting a check to a person in order to deliver it to the payee, in absence of any ground for belief that he would make fraudulent use of it.

It may be added that if the drawee bank is the bank which pays the check directly to the wrong indorser, it must suffer the loss and not the drawer because there is no duty on the part of a drawer of a check to see to it that a person who may turn out to be a forger does not get possession of the check.

But the drawee bank which has paid a check through the clearing house process (or similar method of clearance) can recover from a bank which has cashed the check for the forger, because the cashing bank got no title to it.

There is also the further incident that a cashing bank warrants that the payee's indorsement was genuine and P had in this case the right to rely on that.

Proposed New Uniform COMMERCIAL CODE Will Soon Be Presented

American Law Institute and National Conference of Commissioners of Uniform Laws Will Report Their Long Study of this Much Needed Reform in Our Business Laws.

THOUGH far from being adopted as law, the new Uniform Commercial Code, drafted jointly by the American Law Institute and the National Conference of Commissioners of Uniform State laws, will be acclaimed by credit executives. It represents an ambitious undertaking to bring order out of the chaos arising out of promiscuity of different sets of laws in every state, on commercial subjects. The Code when fully drafted and approved will be submitted to the various state legislatures for adoption. It is expected that this will start some time in 1950. While an instrument of this nature can never be exactly perfect, credit men ought to be interested in seeing a project like this through.

It is in connection with "secured credits" (or as the Code calls it "secured transactions"), that the greatest changes are being proposed. Many of the present notions concerning familiar devices for securing credits will have to be dumped overboard. The drafters of the new Code frankly comment on the fact that with the adoption of it, the legislatures *will be compelled to repeal all existing statutes dealing with conditional sales contracts, trust receipts, factors' liens (where they are non-possessory), and chattel mortgages.* The rules under the new Code are contemplated to apply to all types of security transactions regardless of the form used.

THE new Code sets forth the formal requisites of instruments creating security interests (this idea having evidently been borrowed from one or two of the states which have hitherto prescribed the general forms of certain security devices—i. e. the conditional sales contract in Massachusetts).

One of the chief characteristics in the new Code is the provision for filing statements of the transactions in a central filing location—this being ordinarily the office of the Secretary of State (although the Code also provides for local filing). If the Code is adopted as now prepared, this will crystallize the method of filing notice of the assignments of accounts receivable. Credit men will undoubtedly be pleased to hear when this has been accomplished. There now is violent disagreement between the various states as to the method of notice. The drafters of the Code speaking on behalf of their proposed method say on this point: "The great advantage of central filing is that credit information services may thereby have easy access to information needed by creditors who have debtors in many counties, without being put to the great cost of digging out the required information in a multitude of local offices."

IN RETROSPECT it ought to be said that credit men in the past have been responsible for the ingenuity displayed in the many security devices now known. Contrary to general belief, the lawyers did not invent them. Lawyers ran on to them when litigation loomed up or where lawyers were called in to smooth out the rough spots in them. The job of credit men has been essentially to protect against unsafe credit. Thus they became resourceful in the creating of devices which contemplated the holding back of the absolute right in the debtor to dispose of goods sold.

While most of these devices can be classified under the heads of a few general categories, their variations have been infinite. The credit men are, of course, familiar with chattel mortgages, conditional sales, bailment leases, consignments, vendors' liens, factors' liens, pledging of accounts receivables.

As each one of these methods came into general use it was necessary after a while to surround the use of them by legislative requirements as to filing, methods of foreclosure, rights of redemption. Every one of the procedures gathered a different web of legislative requirements. There became a total lack of uniformity in these respects, though in general, there is one common purpose throughout—the retention or acquisition of a security interest in the goods sold to the debtor, or the accounts receivable, etc., arising out of extensions of credit. The chief worry of credit men in extending credit in these modern days was the question as to secret liens—i. e. of other furnishers of credit, either of goods or loans of money. The day has to come, nevertheless, when a credit man will know where he can get the information he wants; hitherto the knowledge has had to be assimilated in a haphazard fashion.

The new and proposed Uniform Commercial Code is undoubtedly a constructive measure, one which should bless, in considerable degree, the efforts of credit men in their work.

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AT LEAST one phase of a uniform commercial code was endorsed by the National Board of Directors during the annual meeting in Chicago in November. The Board put their feelings in the form of a resolution which reads as follows:

WHEREAS the most liquid asset of any business concern other than cash in bank is its accounts receivable representing merchandise sold and delivered, and such receivables constitute the principal asset upon which unsecured credit is extended, and

WHEREAS the assignment of accounts receivable without notification to the obligors of such accounts, and without public notice that such

assignment has been made, has the effect of altering the basis upon which merchandise credits have been extended, and

WHEREAS it is in the interests of not only borrowers and lenders but also of those extending general unsecured credit that security liens of all types be fully disclosed by the recording of public notice thereof,

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the National Association of Credit Men does hereby endorse the provisions of the Proposed Commercial Code contained in Article VII thereof requiring the filing or recording of notice of all secured commercial transactions, and particularly the requiring of recording or filing of public notice of assignments of accounts receivable.

The Role of the Factor

(*Continued from page 13*)

out for extensions or settlements. Then the factors, together with other creditors, attempt to work out a solution which will yield the best possible dividends to all creditors. Their experience, particularly in the textile industry, has proven invaluable in helping honest debtors to stay on in business and to work out equitable arrangements.

On the other hand, when the factors find that a financially embarrassed customer is a dishonest debtor, they will, rather than take any settlement less than 100 cents on the dollar, turn over the case to the proper authorities for action. These methods have operated to increase substantially the dividends paid in insolvency proceedings over a period of years.

ANOTHER function of the factor is to act as a clearing house for the views of his clients and customers and to confer with them on their business problems. He has scores or even hundreds of clients in related lines of business. They come to him with their problems and, since he follows economic trends closely and has acquired a general knowledge of business conditions, coupled with specific knowledge of textile problems, he is frequently able to offer sound business advice. Not infrequently a client has made the cost of factoring many times over through the advice of his factor to liquidate an inventory when a market seems high, or to buy more heavily in a low market.

Thus the factor has really become the life blood of credit in the textile industry.

This is an age of specialization. The factor operates in a specialized field where his usefulness to business, small, medium and large, has come to be recognized. This has been proven by the large increase in factoring volume over the years, and I venture to say that in the textile trade the old line factor has achieved a permanent, as well as a prominent, position.

The Credit Man of the Future

(*Continued from page 17*)

the importance to the credit man of participating actively with other credit executives in his local credit men's association. This provides him with a means of contact and opportunity to exchange ideas.

The credit man who assumes the role of recluse ultimately becomes a business illiterate. To avoid this pitfall, the credit man must know what is going on about him and build his position to such an extent that his opinion is valued.

I am fully aware that the credit man in some aggressive organizations is already participating in the functions which I have enumerated, but to a large extent these fields are not covered and they will be primary functions of the credit man of the future. Many of our executives in top management have come up the ranks through the credit department, which is not at all surprising, because a good credit man possesses a fund of knowledge of all functions of management and is therefore thoroughly equipped to step into a higher position.

LET ME summarize. The credit man of the future must be an organizer, a systematic planner of policies, and equally interested in customer relations and company profits. He must also be somewhat of an instructor, properly qualified to suggest and recommend in an understandable manner. Further, he must be a good technician, able to analyze customers' problems, as well as being thoroughly acquainted with the problems in his own particular job.

To be a successful credit executive he must be an administrator, capable of inducing action and carrying out decisions thoroughly and rapidly. The potential credit executive must also be a counsellor, giving advice and promoting good will among customers. He should have the skill to formulate policies for others and assist them in making decisions for themselves.

Last, but not the least, the successful credit executive must be sober yet congenial and have the strength of his convictions. In fact, Robert Louis Stevenson very aptly describes him when he says, "Give me a man of quiet mind, gaiety and of courage."

Finally, may I touch upon the ABC's of the credit profession—the 3 C's—Character, Capacity, Capital. Let us not forget that day by day we, as credit men, are being judged by this yardstick. Your knowledge is your capital. Your capacity is the measure of your ability. And character? That means honesty, reliability and fair dealing; the fundamental things on which is based man's trust in man. If we possess and put to constructive use these primary requisites, our future as credit executives will be assured.

Insurance Buyers Are Warned of Errors in Coverage of Assets

BUSINESS executives charged with the purchase of insurance coverage for their companies should be alert to a large number of possible errors in properly listing the items to be protected by their policies. This statement was made by J. L. Epler, manager of the research department of the Western Adjustment and Inspection Company in an address before a recent meeting of the Midwest Insurance Buyers Association held in Chi-

cago. The warning to the insurance buyers was reported in the *Eastern Underwriter* of New York as follows:

"One of the difficulties encountered, Mr. Epler pointed out to the buyers, is failure to include certain property, sometimes due to forgetfulness. Another not infrequent cause of uninsured loss is failure to include new construction. This, he said, can produce some fantastic results. Mr. Epler recalled a case in which $50,000 of advertising material was overlooked in a location while some $600 or $700 of property was scheduled.

"The total reporting clause causes trouble sometimes, he said, citing cases where for years reports were on a cost basis whereas claims were filed on a market value basis. Often, he said, there is a wide spread between the two values.

"Something to watch on the reporting form, Mr. Epler cautioned, especially on merchandise stock, is the value at inventory. He said that on audit it may be found there is an error in invoice cost. Some of these errors crop up especially in large industries, possibly, Mr. Epler said, due to lack of good liaison between industry and insurance.

"Another thing which may cause big loss is failure to fix liability in processing due to not fixing value of all the property of the other party in possession of the firm. The time to fix this value, he said, is before a loss occurs. Often it happens that where the firm is not even aware of the hazard it has liability. This especially happens with expensive dies.

"There are many coinsurance deficiencies, Mr. Epler said. A study over a number of years shows a deficiency of 32%.

"In business interruption insurance, he commented, there is a practice of deducting some major item without proper advice.

"Two important things are happenings in claim practices, he said, one being that the assured is finding himself unable to establish his claim due to his lack of proper records, and the second is that the assured has all sorts of items that he cannot identify because he proceeds at once after a loss to make repairs and then file a schedule of expenditures."

Los Angeles-New York Survey Shows More Optimism, Less Cancellations

THE bogey of top-heavy inventories has been dispelled by a drop to more normal levels than last spring. More optimism results from fewer cancellations of orders and improved collections. However, continuing high prices remain the source of sales resistance in the current buyers' market. Concern over possible after effects of the coal and steel strikes is only minor. These are some of the opinions voiced in the latest "How's Business?" survey jointly conducted by the New York Credit Men's Association and the Los Angeles Credit Managers' Association.

Distributed among the combined membership of the New York and Los Angeles credit organizations, the business questionnaire drew 1023 replies or a 25% response from executives of member firms engaged in wholesale, manufacturing, and distributing.

CLEARLY indicated by the survey is the fact that top-heavy inventories have ceased to be a major problem as reflected in two previous polls. The beginning of this decline to normal levels was shown in the survey conducted earlier this year. Current confirmation of this trend is seen in the latest survey with 88% of the responding executives stating that customers' stocks are either normal or low.

Returns in the New York area showed a marked change in inventories reported by the textile industry, which had shown notably heavy conditions earlier this year. Latest indications are that the inventory position of this industry has now levelled off.

Analysis of the replies shows that the great majority of credit and financial executives participating in the survey believe that today's buyers' market makes necessary closer scrutiny of new accounts and the re-examination of older customers in the light of stiffened competition and higher operating costs. Second to this was listed the problem of maintaining close collection follow-up while at the same time continuing a liberal credit policy. The next concern was the task of aiding customers in their adjustment to current business conditions.

Only 14% of those answering the questionnaire mentioned possible effect of the coal and steel strikes as influencing credit sales.

As a contrast to the optimism shown, a significant 74% of the replies stated that customer resistance to high prices still continues to hold down the lid on sales. Comparison with the figures of the last two surveys reveals that this problem has persisted throughout.

MORE optimism is exhibited on the subject of cancellations of orders, which are shown to have decreased over previous survey figures. Only 20% of the respondents to the current survey reported any cancellations. This compares with the 39% who reported them in the last poll taken six months ago.

A majority of those participating in the survey reported that they had experienced no cancellations in the past six months.

Except for the textile, paper, and radio and electrical industries, there seems to be a general indication that unfilled backlogs of orders have disappeared. Orders and future commitments are also generally smaller as reported by 71% of those answering this question.

Another phase of business showing a brighter view than in previous surveys is collections of outstanding accounts. As high as 55% of the executives stated that conditions during the past six months were the same or better than in the previous period. In the last survey conducted earlier this year slow collections had been reported by 66% while only 45% of the replies to the latest survey so stated.

Instead of looking for increased business failures in the next six months, a majority of 70% of the credit and financial executives responding expect no appreciable change in the present pattern. A minority of 8%, included in that figure, said they anticipated a slight drop in the number of failures. Some increase in failures during the next six months is looked for only by the remaining 30% replying.

SURVEY results on both east and west coasts show that parallel conditions exist in both places; a comparison of the returns reveals that both areas gave virtually the same answer to each question. There was practical unanimity as to inventory conditions with 88% of the New York and 87% of the Los Angeles replies stating they were either normal or low.

The question of customer resistance to prices also brought in parallel returns in both cities. Some 69% of the New York participants so stating and 79% of the Los Angeles replies concurring. Both areas noted a decrease in cancellations of orders, 83% of the New York and

77% of the Los Angeles replies declaring there were none. There was general agreement also as to smaller orders and commitments in units; the Los Angeles respondents gave their figure as 77% while New York voted 65% to this question.

Continuation of the present failure pattern was anticipated by 60% of the New York executives as compared with the 63% in Los Angeles. In both cities there was agreement on the next six months making no appreciable change over the past period as far as expected failures are concerned. Only 9% of the New York and 8% of the Los Angeles replies indicated hope for a decrease in the number of failures.

Increased failures over the past six months were noted by 43% in New York with 46% of the Los Angeles respondents noting them.

More than seventeen industries were represented in the survey returns in New York and Los Angeles. They included, coal and fuel, building materials, contractors, drugs and cosmetics, food and liquor, iron and steel, heavy machinery, paints and allied products, printers, publishers, plastics and chemicals, radio and electrical appliances, shoes and leather, banks and factors, textiles, and others.

Canadian Survey Shows Encouraging Business Trends

THE October 15 issue of the "Analysis of Business Conditions," a bimonthly publication mailed to the membership of the Canadian Credit Men's Trust Association, contains the results of a survey conducted among the membership of that organization under the direction of John H. Suydam, General Manager. The tabulation of replies to the survey questionnaire shows an encouraging trend in both sales and collections. All but one province show increases in the "excellent" sales category, and again all but one show increases in "excellent" collection conditions. Alberta shows the biggest improvement in the last two months in both sales and collections, and in collections particularly.

One Year Premium System Is Started In California

FIRE insurance written on an annual premium basis, instead of the customary three-year period, is the latest development in the field of fire insurance in California.

The Fire Insurance Exchange, of the Farmers Insurance Group, is pioneering this new-type of policy. The method of premium payments is similar to that which proved so successful in the automobile casualty field.

Drafted primarily to relieve the premium burden through annual payment of premiums of a basic three-year policy, this recent innovation enables the policyholder to budget accurately his fire insurance costs as an annual operating expense. The policyholder purchases a permanent policy, yet does not reduce working capital by an outlay of a three-year premium.

In the MODERN office

RECENTLY announced by Remington Rand Inc. is the new Remington Electric Typewriter with Ten-Key Decimal Tabulator designed to speed up typing of statistical, billing, accounting and other columnar material. In making the announcement, a spokesman for the firm pointed out that the Remington is the only electric typewriter on the market today with this attachment.

The tabulator mechanism has been built into the Remington Electric Speed Slope keyboard for maximum convenience and accessibility. Available in all carriage widths up to 27″ this typewriter is delivered equipped with one of three different Ten-Key Tabulator scales. All machines are furnished with the new Remington Rand all nylon ribbon developed especially for electric typewriters.

DURING the National Business Show in New York, held last October, the Wireway Corporation of America introduced a new low-price combination dictating and transcribing machine complete to sell at $219.50, including federal tax, which the makers claim incorporates every dictating and transcribing feature generally found in machines selling at a considerably higher price. The machine weighs in all twenty pounds. Wireway Corporation of America, 1331 Halsey Street, Brooklyn, N. Y.

PLASTIC binding of printed, typewritten, or other loose material is now possible in every office, in every organization no matter how small. The introduction of the new, compact, low-cost Model 12 Plastic Binding Equipment by the General Binding Corporation, 808-14 West Belmont Avenue, Chicago 14, Illinois, has added to the list of essential office machines.

The Model 12 Plastic Binding Equipment is the most recent addition to the line of table model binding equipment, manufactured by the General Binding Corporation. Costing about the same as an office typewriter, the new, compact Model 12 is priced lower than any plastic binding equipment ever before marketed, the manufacturer claims. The new Model 12 has been designed to meet the needs of the office or plant which binds miscellaneous loose material into attractive, easy-to-use booklets for salesmen, prospects, and customers.

GBC plastic binding produces attractive, colorful booklets which open flat and stay flat. Pages turn easily on polished plastic rings.

THE latest in the cabinets manufactured by the Cole Steel Equipment Company is a "treasurer's file," designed for the office or home. The file contains two letter files, two drawers that will accommodate 3200 4″ x 6″ cards, a drawer for cancelled checks or other records and a storage compartment with two adjustable shelves under lock and key.

IBM Demonstrates New Census Machine

THE Electronic Statistical Machine, developed by International Business Machines Corporation for use in compiling the 1950 Census, has been formally presented to Philip M. Hauser, Acting Director of the Bureau of the Census. The machine was demonstrated recently at the Census Bureau's Washington headquarters by IBM in the presence of Census officials and company representatives.

The demonstration revealed that the new machine combines in one operation the simultaneous functions of classifying, counting, accumulating, and editing. The machine then prints the statistical data resulting from groupings of information and automatically balances the totals to insure their accuracy. Prior to the development of the Electronic Statistical Machine, these functions required one or more operations with a number of machines. It is estimated that working by hand, it would take 500 persons all of their working lives to accomplish what the Electronic Statistical Machines will do during the 1950 Census period.

The editing function is one of the most fascinating features of the new machine since it automatically detects and rejects punched cards containing improbable data. For example, a card might indicate through error that an eight-year-old boy is a war veteran. The electronic machine's editing feature would automatically reject this card. When the technique is applied, automatic editing eliminates the need for manual editing which involves the visual examination of millions of questionnaires to make certain that entries were properly made in the proper places, and that the information is reasonable and consistent.

FTC Plans Limit Discount Quantity To One Carload

THE Federal Trade Commission is preparing to set the limit beyond which quantity discounts will be illegal, according to a report in *Business Week*. The rule, for the time being, would apply only to tires and tubes but, if the complaints of the small volume buyers carry enough weight, the rule could be extended to cover almost anything.

As far as the tire industry is concerned the FTC would make one carload—20,000 pounds—the maximum quantity upon which price differentials could be granted.

Ohio State Issues Bibliography for Small Businesses

THE Bureau of Business Research of Ohio State University's College of Commerce and Business Administration has published the third edition of its handbook, *Information Sources for Small Business.*

The handbook is intended to provide operators of businesses, particularly the small firms, with a classified and annotated list of sources of information on problems encountered in establishing and operating a busines.

Copies of the booklet can be obtained from the Bureau of Business Research for 50¢ each.

TAX EQUALITY

(*Continued from page 11*)

around $41 million. That, mind you, does not include dues, contributions, grants or gifts—it is income from BUSINESS activities, in competition with taxpaying companies. The income taxes that they escape now amount to about $14,000,000.

Altruistic organizations, including charitable trusts, civic leagues, educational institutions and the like, have estimated business income of about $520 million, and the taxes they should pay amount to some $173 million.

And Government businesses, city, state and Federal, have business income of about $800 million and should pay $276 million into the Treasury.

That makes a total potential of tax revenue amounting to well over ONE BILLION DOLLARS.

That's enough to make possible the immediate reduction of excise taxes on cosmetics, luggage, furs, jewelry, railroad tickets, freight and telegrams to pre-war rates, where they belong.

At a recent hearing in Washington, Congressman Wright Patman of Texas, chairman of the House Small Business Committee and recognized by the cooperatives as their most powerful friend in Congress, made the statement that, in his opinion, the imposition of income tax on cooperatives would not produce more than $10 million and that it would probably cost twice that amount to collect it.

With all due respect to Congressman Patman and his co-op friends, that is a flagrant attempt to pull the wool over your eyes. I can name ten cooperatives alone, which, if they were properly taxed, would pay into the Treasury more than $10 million.

On the basis of 1947 figures, published in the Farm Credit Administration's authoritative Handbook of Major Farm Supply Purchasing Cooperatives and in their own financial statements, the Cooperative Grange - League - Federation Exchange, the Eastern States Farmers' Exchange, the Southern States Cooperative, the Ohio Farm Bureau Cooperative Association, the Consumers Cooperative Association and subsidiaries, the Indiana Farm Bureau Cooperative Association, the Illinois Farm Supply Company, the Farmers Union Central Exchange, the Fruit Growers' Supply Company of Los Angeles, and the Farmers Union Grain Terminal Association—ten of them—made in that year, profits of $28,655,887.

The corporate income tax on that amount, at the 38 per cent which is paid by other companies, would have amounted to $10,789,237.

Those, mind you, were 1947 figures. In 1948, every one of those cooperative corporations made more profits than in 1947. Consumers Cooperative Association of Kansas City, the big oil co-op, along with its subsidiaries, increased earnings in 1948 by 119 per cent—from a little over $3 million to quite a lot over $8 million.

And, in arriving at that $10 million tax liability, I have entirely omitted the big earnings of co-ops like the California & Hawaii Sugar Company, biggest cane sugar refinery in the world; Pacific Supply Company, Michigan Farm Bureau Services, Midland Cooperative Wholesale, Missouri Farmers' Association, Nebraska Farmers Union State Exchange and nearly 10,000 other big and little co-ops, all of which pay little or no tax on the business they do in competition with

YOU and millions of other taxpaying businessmen.

As for the cost of collecting the tax from co-ops, which Congressman Patman shuddered about, it would be no more than the cost of collecting tax from the corner retailer who is now struggling in competition with the co-ops—and paying his share.

No, my friends, there's no use in trying to hide the facts. The cooperatives are big business, they are making money, they should pay their fair and equal share of income tax on ALL their earnings.

Well, what are we going to do about it?

THE answer is that we're going to tax them—and I say that because that is what your Senators and Representatives in Congress say.

Without naming any names, because that wouldn't be either fair or wise when the issue is likely to come to a vote so soon, let me read you a few direct quotations from recent letters written by Senators and Representatives to their constituents back home.

An Ohio member writes: "When cooperatives get into business for profit, as so many are today, competing with businesses that pay taxes, they should be required to pay income tax on the same basis as their competitors."

A Wisconsin member writes: "A great number of so-called farmer cooperatives who are taking advantage of the tax exemption are 'farmer' and 'non-profit' cooperatives in name only. Many of them indiscriminately serve both members and non-members. I feel that this situation must be remedied."

A New Jersey member says: "I have been inclined to be sympathetic toward cooperatives, but I believe that the Government has allowed them to progress to such an extent that today they are a threat to our free-enterprise system. In other words, I feel that the cooperatives should be taxed to the extent of bearing their share of the tax program."

From a Mississippi member: "I strongly favor the earliest possible elimination of all loopholes through which business organizations have been evading taxes under the guise of operating as non-profit trusts and foundations. I am, of course, opposed to the use of tax-dodging schemes to get around the letter of the present law, and I will support legislation to remedy the situation."

A Michigan member writes: "I feel that the tax exemption privilege undoubtedly has been widely abused. It is my view that there are legitimate cooperative exemptions. But it is also my view that this legitimacy is being widely used as an excuse and a cover for improper and unjustified exemptions. I believe this is also true in several other types of exemptions. I favor legislative action to separate the sheep from the goats."

A Georgia member expresses himself in these words: "I am in favor of some legislation to make all business pay its part. When taxes are as high as they are now, there should be no inequalities."

A member from Kansas writes: "With reference to HR 5064, which would provide that cooperatives and other non-profit corporations pay taxes, it is as simple as this in my books: I pay my just and I think proportionate share of taxes and I expect the other fellow to do the same, whether it be an individual, corporation or cooperative."

From a Pennsylvania member: "I can agree that some tax-exempt cooperatives exist today for the purpose of evading payment of taxes. This is a condition that should be corrected."

An Iowa member goes on record thus: "It is not only unfair but un-American for any segment of our government, local, state or federal, to give advantage to one American over another in taxes or otherwise."

A South Carolina member writes: "Repeatedly, I have called upon Chairman Bob Doughton and other members of the Ways and Means Committee, urging that the laws be changed so as to place the tax burden equally upon all individuals, firms and corporations."

I could go on giving you equally forceful direct quotations from letters written to businessmen back home by many other members of Congress from all over the United States. It has taken some of them a long time to come to the positive opinions they now express — but they have at last seen the light of reason and they are prepared to vote for tax equality as soon as it is properly presented to them in legislations.

That, we have reason to believe, will be next spring. The bills that have been offered by Congressman Mason and Senator Williams during 1949 are still on the calendar. They will be acted upon—and tax equality will at last become a reality —if enough of the businessmen of the nation demand it.

IT is up to you. And, since that is true, let me give you, in closing, a word of warning and advice. If you are surely going to win this tax-equality fight, and win it soon, each and every one of you businessmen will have to make a personal effort.

Just remember that business is the only important part of today's economy that makes no concerted effort to protect its own interests. Labor, veterans, farmers, teachers and other groups are organized, articulate and politically powerful. In Congress and in the state legislatures, their interests are represented by potent and unified blocs.

There is no business bloc in Congress or anywhere else. On the contrary, legislators know that they can disregard the requests and demands of small business with little danger of political retaliation. Nor is any lawmaker much concerned with the National or state-wide organizations representing business. But every Congressman is immediately attentive to a letter or a telegram from a resident of his own district, or from a group having headquarters in his district, with officers and members who are voters in his towns and counties.

What then must you do?

First and foremost, you must know your representatives in Congress and work with them. You must give them an opportunity to know you, to hear your views, to register in their minds your needs and your requests.

That is not too difficult to do. Your Senators and Congressmen will be home soon—if they aren't already home. Go to see them. Talk freely to them. Don't be awed or afraid of them. Talk back to them. Tell them what you want. Tell them your personal experiences with tax

exempt competition. Tell them that tax equality is vital to you—and to them. Tell them that the cooperatives and the other tax exempts MUST be taxed in the next tax bill that is passed in Washington.

That's politics. Don't be afraid of politics. Just make sure that your business friends and neighbors are working hand in hand with you and you will win.

Political organization of that kind is what counts. It will save the free enterprise system from the TAX-FREE enterprise system that now threatens to take us over. It will bring about tax equality. It will be the salvation of the little businessmen of the whole United States.

THE CREDIT DEPARTMENT

(*Continued from page 15*)

monthly bulletins from the various Federal Reserve Districts that may be obtained. Most State Universities put out a publication each month or at given periods showing the business trends locally. Some of the states publish through certain departments monthly or periodic business trend releases. There is also a weekly letter put out by the Chemical Bank & Trust Company called "Trends" which may be obtained through your banking connection. There is a monthly letter on economic conditions, government finance put out by the National City Bank of New York which may also be obtained through your local bank.

And of course there are the trade magazines for your particular branch of industry or commerce and a great number of books that are related to the problem of credit. There are a number of these that I have mentioned free for the asking, others can be obtained at relatively low cost and if they are carefully read by all of us people in credit work we will be pretty well informed on what's going on in the world today insofar as it may affect our jobs and will greatly improve our knowledge of credit matters. Especially the reading of the publications put out by the two national credit associations.

RECENTLY it was my pleasure to address a group of sales managers, and I would like to repeat here some of the figures I gave them:

There are some 12,000 to 14,000 members of the Sales Managers Association.

We have 25,000 Retail Credit Managers, and 30,000 Wholesale Credit Managers as members of the two National Associations.

I bring this out for this lone reason: It is generally understood that sales managers have more outstanding recognition which is evidenced by the fact that they are better paid than the average credit sales manager.

Since we so greatly outnumber them, I see no reason we cannot soon receive the recognition of the professional status we are striving to obtain. It is encouraging to me to note that by our own efforts toward self-improvement and striving for higher professional standards among credit people we are rapidly reaching our goal.

Others before us have given much of their time and energy in laying the foundation on which we should relentlessly build, and I think it is our place to carry on this worthwhile work of self-improvement for the attainment of higher professional standards.

THE credit department's function is to promote credit sales. We of course appreciate and understand that, but in order for us to do the very best job possible, I believe you will agree that we have to strive constantly to improve ourselves.

> "There is a time in every man's education when he arrives at the conviction that envy is ignorance; that imitation is suicide; that he must take himself for better, for worse, as his portion; that though the wide universe is full of good, no kernel of nourishing corn comes to him but through his toil bestowed on that plot of ground which is given him to till. The power which resides in him is new in nature, and none but he knows what that is which he can do, nor does he know until he has tried.—Emerson."

Think it over carefully, and let's determine to do something about it.

SANTA CLAUS: All these CREDIT MANAGERS want round trip tickets to LOS ANGELES.

ASSOCIATION NEWS

Credit and FINANCIAL MANAGEMENT

LOCAL NATIONAL

N. E. Conference Attracts Many to Providence, R.I.

Providence: The last of the 1949 regional conferences, that of the New England Associations, was held at the Narragansett Hotel on November 30. Large delegations from the three Massachusetts Associations—Boston, Worcester and Springfield—and the four Connecticut Associations—New Haven, Bridgeport, Hartford and Waterbury—joined their Providence colleagues for a full day of discussion of present day credit problems.

The evening before a "night before" party and reception was held at the Narragansett with entertainment by Syd Hoffman's Varieties, a floor show with acts from the leading supper clubs and theatres.

Speakers during the all-day conference included Executive Manager Henry H. Heimann, who chose as his subject, "Crisis in business management." Others featured on the program were Dean William G. Sutcliffe, of the Boston University School of Commerce, on "The welfare state"; Dr. Donald B. Marsh, economist of the Royal Bank of Canada, on "present day monetary conditions and the valuation of currencies"; Harry L. Whitney, director of sales, Nicholson File Company, on "credit management — a sales asset"; William R. Dunn, general credit manager, General Foods Corporation, on "the credit side of customer relations"; Dudley Harmon, executive vice-president, the New England Council, on "New England—today and tomorrow," and, finally, Professor Carl B. Everberg, of Boston University, a perennial and valued contributor to this publication, on "business law as a credit tool."

Attorney Gives Talk on Bankruptcy at Worcester

Worcester: Samuel Seder, attorney, gave a talk on bankruptcy before the Worcester County Association of Credit Men on Monday, November 14, at the Hotel Sheraton. His talk dealt specially with Chapters X and XI of the Bankruptcy Act.

Mr. Seder is attorney for the groups operated by the Worcester Association.

Trade Acceptance Forms of N.A.C.M. Are Revised to Meet State Statutes

Because there are some states in which a trade acceptance payable at a bank does not enjoy the full status of a check and also because there is a conflict in authority as to whether a bank may pay the trade acceptance after maturity, the standard form for a trade acceptance as issued by the National Association of Credit Men is being revised.

Heretofore, the acceptance was printed across the face of the trade acceptance in red, the items being the date, the name of the bank at which the acceptance is payable, the location of the bank, and the signature of the acceptor. Under the revised form the following clause will be added directly under the location of the bank: "Such bank, banker or trust company is directed to pay this acceptance and charge it to the account of the acceptor upon presentation at maturity or within one year thereafter."

This clause is being added upon the advice of our legal counsel in order to give an express direction to the bank upon which the trade acceptance is drawn to pay the acceptance and charge it to the account of the drawee whether presented at or after maturity.

There has been some increase in the use of trade acceptances by business concerns in the postwar period and it is expected that this change in the standard form will further increase the use of this instrument for handling current accounts. The subject of trade acceptances is quite thoroughly covered in the 1950 edition of Credit Manual of Commercial Laws.

National Board Attend Chicago Dinner en Masse

Chicago: The Chicago Association of Credit Men held a "dinner extraordinary" in the Grand Ballroom of the Palmer House on Tuesday, November 15. The officers and directors of the National Association of Credit Men, at that time in Chicago for the board meeting, were the guests of the Association.

The speaker for this event was Colonel Rhys Davies, OBE, DSO, recently arrived from England, who spoke on "Socialized Britain—a Warning."

National Board's Autumn Meeting Held at Chicago

The National Board of Directors met at the Edgewater Beach Hotel, Chicago, on Monday, Tuesday and Wednesday, November 14, 15 and 16. All the officers and directors were present except H. Parker Reader, Cannon Mills, Inc., New York, who was unable to attend.

Many important items came up for discussion, notably the report of the committee on revision of the constitution. One whole day was spent in detailed examination of the report which was submitted by the committee chairman, Past President E. L. Blaine, Jr., Peoples National Bank of Washington, Seattle.

A large part of the new constitution was approved. Some items, however, were referred back to the committee for further study and revision. After making these revisions the committee was instructed by the Board to submit the revised draft to affiliated Associations and request formal approval by all Associations. If and when a majority of the Associations approve of the new draft it will be presented to the delegates at the Los Angeles convention for final vote.

An administrative committee was set up for the Executives' School of Credit and Financial Management to consist of the three vice-presidents of the National Association, three members of the advisory board and three graduate students. The three board members who will serve for the coming year are Joseph Rubanow, Manufacturers Trust Co., New York; Robert Young, Bethlehem Steel Co., Bethlehem, Pa., and Herbert V. Prochnow, First National Bank of Chicago. The three graduate students are O. E. Barnum, Carnegie-Illinois Steel Corp., Pittsburgh; George E. Tomberlin, Citizens and Southern National Bank, Atlanta, and Leo E. Jones, Arkansas Fuel Oil Co., Shreveport. The first meeting of the committee was held in New York December 1.

A bid from the Houston Association for the 1952 Credit Congress was accepted, as was one from Montreal for 1953.

Besides these specific topics the entire condition of the National Association was given thorough discussion. The financial

(Continued on next page)

statement was presented and approved and the Association's policy for the next six months was decided upon.

The Board passed several resolutions, notably the two below:

Hoover Report

WHEREAS, there is in the hands of the National Administration and of the Congress a most painstaking report and constructive plan (The Hoover Report)—for the reorganization of the Federal Government on efficient and economical lines, and

WHEREAS, this report has received the acclaim of all thinking people, and

WHEREAS, the Administration and the Congress are to be congratulated on those measures already taken to make some part of the recommendations operative,—

NOW, THEREFORE, it is the sentiment of this Board that the Administration, every Senator and every Congressman—regardless of party affiliation—should bend every effort to ensure early passage of needed legislation, and adoption of regulations, to make the remaining recommendation effective so that we may have efficient and economical government at the earliest possible moment. It is the wish of this Board that a copy of this RESOLUTION, with an appropriate letter, be sent to the President of the United States, and to all Senators and Congressmen from the separate states here represented.

Credit Education

WHEREAS, it would appear that the maintenance of a stable volume of credit will be largely the responsibility of credit grantors, and that they have a distinctive responsibility for public guidance and leadership, and

WHEREAS, the credit executive is also an important factor in the maintenance of that ever increasing volume of production and sales so necessary for our national well-being, and the well-being of his individual firm.

THEREFORE, BE IT RESOLVED by this Board that it is the duty of the Credit Executive to equip himself for these great responsibilities by education—by constant study—by contact with others in his own and other fields, and by active participation in the work of his local and national associations dedicated to these same purposes, and

BE IT FURTHER RESOLVED that this Board take active steps through publications, membership cultivation, and by other means to encourage Management to stimulate its credit executives to so equip themselves—to the end that all industry might more fully contribute to the National Welfare.

Kansas City Plans Survey

Kansas City: The Kansas City Wholesale Credit Association is conducting an annual survey of credit practices among its membership. It is not expected that the results of the survey will be available by the time this issue goes to press; they will, however, be published in the earliest possible issue.

Gus Horn, Omaha Secretary for 25 Years, Passed Away

Gus Horn

Omaha: Gus Horn, Secretary Manager of the Omaha Association of Credit Men for the past 25 years, died suddenly on Monday morning, November 14. He had been ailing for about a week but his death was a shock.

Mr. Horn was widely known in the credit world. He had been engaged in credit work since 1912 and was elected president of the Omaha Association in 1923 and secretary manager later in the same year. He is survived by his widow, a daughter, Mrs. Larry Tighe, of Tokyo, whom Mr. and Mrs. Horn visited earlier in the year, a son, James D. Horn, two brothers and two sisters.

Burial took place Thursday, November 17 at West Lawn Cemetery.

J. N. Ham, Kansas City, represented the secretary-managers at the funeral.

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Omaha: E. H. Kurtz has been appointed Executive Manager of the Omaha Association of Credit Men to succeed Gus P. Horn whose sudden and untimely death is reported above.

Mr. Kurtz has had many years of credit and collection experience and for the last two and a half years has been a member of the Omaha Association staff as Assistant to Mr. Horn.

Dean Ackerman Talks on Insurance at Hartford

Hartford: Dean Ackerman, of the School of Business Administration, University of Connecticut, was the Hartford Association's November speaker. He discussed the trends in insurance carried by employers on employees—hospitalization, group retirement, etc.

Sales and Credit Executives Join In Lunch Meeting

New York: The Sales Executives' Club of New York and the New York Credit Men's Association held their first joint meeting in ten years at the Hotel Roosevelt November 22. The theme of the meeting was "Credit builds sales."

Speakers during the luncheon program included National Vice-President Earl N. Felio, general credit manager and assistant treasurer, Colgate-Palmolive-Peet Company; Philip A. Mitchell, general sales manager, Cullen Fuel Company, and Joseph L. Wood, assistant treasurer, Johns-Manville Corporation, who, besides being a much sought-after speaker on credit subjects and a contributor to this publication, is also treasurer of the Sales Executives Club. The Master of Ceremonies was Gene Flack, sales counsel and director of advertising, Sunshine Biscuits, Inc., who is well known to credit executives in the food industry for his addresses at food group meetings.

Houston Association Has New Officers. To Hold Christmas Party

Houston: At a meeting of the board of directors held at the Texas State Hotel November 16, new officers were elected to head the Houston Association of Credit Men: R. C. Nitze, W. L. Macatee & Sons, president; W. H. Arnold, Magnolia Petroleum Company, vice-president, and Paul Good, First National Bank of Houston, treasurer. R. C. Weatherly, Jr., continues as secretary.

Five new directors also were elected: B. A. Cook, Jr., Tennessee Coal, Iron & Railroad Company; W. W. Russell, Continental Oil Company; L. R. Smith, Westinghouse Electric Supply Company; W. E. Tracy, Houston Paper Company, and R. J. Welch, Cameron Iron Works, Inc.

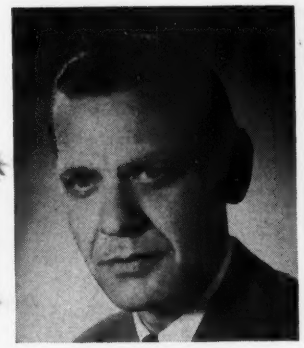
The Association of the Houston Credit Women's Group will hold a joint Christmas party December 17 at the Blossom Heath Country Club.

Cleveland Ex-President Elected a Director of Robert Morris Associates

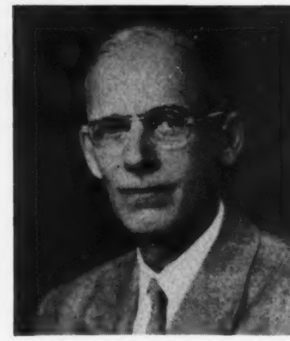
Cleveland: W. T. McWade, assistant vice-president of the Union Bank of Commerce, was elected a director of the Robert Morris Associates at their annual convention in Savannah, Ga. He is prominent in credit circles and has served a term as President of the Cleveland Association of Credit Men.

Akron

Canton



Cleveland



Mansfield

N O R T H   C E N T R A L   O H I O   A S S O C I A T I O N S

ASSOCIATION PRESIDENTS

Seattle

Oakland

In the November issue it was our pleasure to present two of the credit "teams" whose coordinated activities make each member of the team so much stronger and more efficient than it could be working alone.

At the top of the page we present the leaders of another team—that comprising the Associations in North Central Ohio. Strategically located in vitally important business centers they can, by their coordinated efforts, cover their entire highly industrial territory.

The presidents of these Associations above are:

Akron—W. S. Raymer, Jr., Credit Manager, Sun Rubber Company.

Canton—D. A. Quere, Credit Manager, Diebold, Inc.

Cleveland—Robert O. Wendling, Vice-President, National City Bank.

Mansfield—H. A. Reaser, Credit Manager, F. E. Myers & Bro. Co.

The other credit leaders on this page, reading from left to right and from top to bottom, are:

Seattle—Ralph J. Stowell, Vice-President, National Bank of Commerce.

Oakland—Wm. H. Jamison, President, Bay City Iron Works, Inc.

San Diego—Howard Gardner, Treasurer, Klauber Wangenheim Co.

Nashville—C. E. Baker, Sr., Secretary and Credit Manager, J. W. Carter Co.

Clarksburg—Laco Sullivan, Credit Manager, Danser Hardware & Supply Co.

Lexington—James R. Ernest, President, Ernest Equipment & Supply Co.

Albany—Stannard M. Butler, Credit Manager, Schenectady *Union Star*.

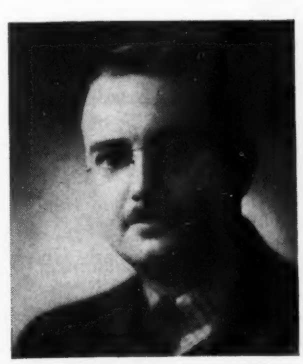
Parkersburg—R. V. Lusk, The C. L. Bailey Grocery Co.

San Diego

Nashville

Clarksburg

Lexington



Albany

Parkersburg

The Norfolk-Tidewater Association of Credit Men recently elected a new slate of officers. Here they are. Seated, left to right: Simon Katz, Southern Packing Co., president, and Mrs. Virginia Beasley, Battaglia Produce Co., vice-president. Standing, left to right: Herman King, Galanidis, Forchas & Douros, Inc., treasurer, and Charles R. Field, Norfolk Newspapers, Inc., secretary.

Series on Credit Operations Held By Pittsburgh Club

Pittsburgh: The Credo luncheon meetings of the Credit Association of Western Pennsylvania were highlighted during the month of November by four unusually fine talks on "Credit Department Operations."

John C. Bane, Jr., of the law firm of Reed, Smith, Shaw and McClay, opened the series November 8 with a talk on the "Robinson-Patman Act." Speakers on successive Tuesdays were Percy O. Eitel, who spoke on November 15 on "Credit Controls"; J. H. Donovan, Manager of Credits, Jones and Laughlin Steel Corporation, spoke on November 22 on "Training of Credit Department Personnel"; Murry V. Johnston, Assistant General Credit Manager, Gulf Oil Corporation, spoke on November 29 on "Answering Credit Inquiries Under Modern Bookkeeping Practices."

Buckelew Heads Program at First Fall Forum of Cleveland Association

Cleveland. The first in a series of educational forums held annually by the Cleveland Association of Credit Men was held November 14. James M. Buckelew, Florsheim Shoe Company, Chicago, addressed the meeting on the subject of "The Romance of Credit Management." The program was rounded out by "Professor" Swaney and his "Credit College," and a film, "Saving With Simplified Unit Invoice Accounting Plan," issued by Remington Rand, Inc.

Louisville Woman Director Survived Noronic Disaster

Louisville: Mrs. Flora B. Meads, the only woman on the directorate of the Louisville Credit Men's Association, was one of the lucky few who were aboard the S. S. Noronic when it caught fire at Toronto and lived to tell the tale. She was the guest of honor of the Louisville Association on the Monday following the fire. She was merely attending a regular board meeting but it developed into a celebration during which she was kissed by everyone present.

Mrs. Meads was one of three Louisville women on board the vessel which was burned to a hulk September 17 with the loss of 136 lives. She was able to escape but lost most of her belongings. Through the fine service of the Red Cross, for which Mrs. Meads had the highest compliments, she was provided with the necessary clothing and transportation back to Louisville.

United Nations Authority Addresses Cincinnati Club

Cincinnati: A. J. Mayer, partner in the firm of Theodore Mayer and Bros., spoke before the Cincinnati Association's Credit Club luncheon on November 1. His topic was "United Nations."

Mr. Mayer is a past president of the Cincinnati United Nations' Association and chairman of its Speakers' Bureau.

Secretary-Manager, Harry W. Voss, gave preliminary information on the 54th Credit Congress which will be held in Los Angeles, May 14-18, 1950.

MEMBERSHIP PROGRESS REPORT
May 1, 1949 to November 30, 1949

Class AA	Net Gain	Members 11-30-49	Percent
Chicago	33	2059	101.62%
Louisville	12	1047	101.15
Indianapolis	8	953	100.85
Class A			
Boston	36	627	106.09%
Seattle	19	653	102.99
Pittsburgh	18	777	102.37
Class B			
Denver	20	330	106.45%
New Orleans	16	292	105.79
San Diego	19	432	104.60
Class C			
Houston	38	240	118.81%
Syracuse	20	221	109.95
Toledo	6	212	102.91
Class D			
Columbus	16	127	114.41%
Richmond	8	152	105.55
Spokane	7	137	105.38
Class E			
Cape Girardeau	18	60	142.85%
Nashville	17	65	135.41
Elmira	8	54	117.39
CLASS F			
Quincy	9	36	133.33%
Lewiston	1	21	105.00
Springfield, Ill.	1	25	104.16

It's a Long Hard Pull, Paul Kerin Discovers

Dallas: Paul Kerin, Secretary-Manager of The Dallas Wholesale Credit Managers, who was injured when he slipped in a hotel corridor during the Credit Congress in Atlantic City last May, has again had to enter the hospital.

After being in the hospital for some considerable time following the accident, Mr. Kerin was allowed to go home and continue his work there. Then he was so improved that he was allowed to go to the office in a wheel chair three times a week. However, an operation on the injured leg became necessary and was performed in Baylor Hospital on November 1. Luckily the report is that his leg is mending nicely.

Association Functions Are Subject of Panel

Omaha: On November 17 The Omaha Association of Credit Men held a panel discussion on the general subject, "What Your Association Can Do for You."

The panel was led by E. R. Morgan, Armour & Company, President of the Association, and Fred L. Johnson, President, Western Stamp & Stencil Co.

DuPont Executive Is Speaker at Rochester

Rochester: Louis P. Shannon, Eastern District Manager of the Extension Division of the du Pont Company, was the speaker at the fall meeting of the Rochester Association of Credit Men, on Wednesday, November 9. His subject was "Progress in Better Living."

Louisville Holds Annual Thanksgiving Party

Louisville: The Reverend Laurence H. Hall, of Portsmouth, Ohio, who will be remembered as the speaker who started the 1949 Convention with such a bang, was guest speaker at the Louisville Credit Men's Association Thanksgiving dinner meeting Monday, November 21.

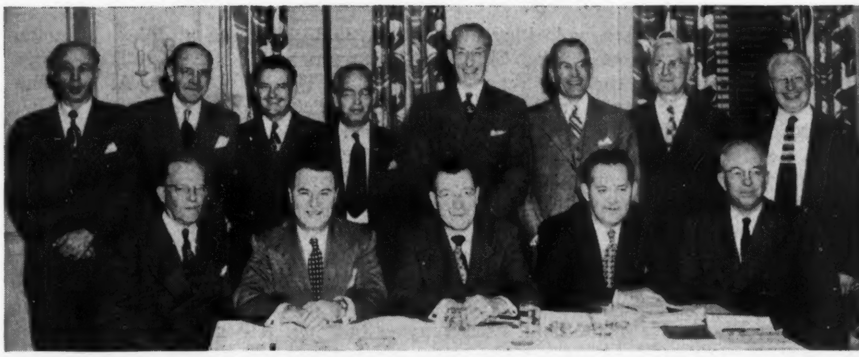
"Judgment Notes" Theme at Westmoreland Club Meeting

Pittsburgh: Louis E. Sensenich, attorney, of Greensburg, Pa., addressed the Westmoreland Credit Club on October 27 on "Judgment Notes." Two and possibly three new members resulted from the meeting and the general reputation of this club, which is an outgrowth of the Credit Association of Western Pennsylvania, is growing considerably in the Westmoreland area.

Educator Heard at Minneapolis

Minneapolis: The Minneapolis Association of Credit Men held an outstanding October meeting at which Dr. Lawrence Gould, President, Carleton College, spoke on "Federal Aid to Education." Entertainment was provided by the Cecilian Singers.

Petroleum Men Elect New Officers



The American Petroleum Credit Association held their silver jubilee conference at the Sheraton Hotel, Chicago, on Monday, Tuesday and Wednesday, November 14-16. During the proceedings the men pictured above were elected to serve as officers and directors for the coming year. Standing, left to right: L. T. Kendrick, Gulf Oil Corp., Atlanta; E. W. Hesse, Phillips Petroleum Co., Bartlesville, Okla.; J. W. Stout, Warren Petroleum Corp., Tulsa; E. P. Simmons, Magnolia Petroleum Corp., Dallas, Regional Vice-President; J. A. Walker, Standard Oil Co. of California, San Francisco, Regional Vice-President; H. R. Wakefield, Sun Oil Co., Philadelphia, Regional Vice-President; W. W. Witmer, American Mineral Spirits Co., New York, and M. V. Johnston, Gulf Oil Corp., Pittsburgh. Seated, left to right: W. W. Rogers, Pure Oil Co., Chicago; D. E. Burroughs, Shell Oil Co., New York, Vice-President; A. E. Fletcher, Standard Oil Co., Cleveland, President; S. J. Haider, NACM, Secretary, and H. E. Butcher, Cities Service Oil Co., Chicago, Treasurer.

The ZEBRA Corral

AT 8:00 A. M., Saturday, October 22, a large group of Los Angeles Zebras boarded the Streamliner "San Diegan" in Los Angeles and traveled "DeLuxe" to our sister city, San Diego, situated on the Mexican border. Weather conditions were ideal and when the Los Angeles herd descended from the train, the San Diego boys were on hand to greet the Los Angeles boys. After registration at the Imig Manor Hotel, everyone was free to spend the balance of the afternoon as he chose. Many found relaxation in the swimming pool in the patio of the spacious and luxurious hotel. Others toured the city or renewed friendships with San Diego acquaintances.

All members of both herds met at 6:00 P.M. at the Cafe Morocco just outside San Diego where a dinner and initiation of 26 Quaggas provided a lively evening. Frank Alessio, of San Diego, acted as Master of Ceremonies and did he act His fines left some of the boys speechless (they were afraid to say anything more), and provided much merriment and good fellowship between the two herds. While it was impossible to take all of the Quaggas across the "burning sands" of the desert, those who did cross them will not forget it soon. After the initiation additional entertainment was provided and everyone left the cafe satisfied that the meeting had been most successful.

Sunday the Zebras were free to do as they pleased. San Diego herd provided a boat to take the boys around San Diego harbor which is a most interesting place, since it is a naval base and is the home port of many naval units. Other Zebras enjoyed the pool at the hotel while others journeyed to Tijuana in Mexico to enjoy the hospitality and congeniality of our neighbors in "Baja California."

San Diego is a beautiful city, overlooking a natural harbor and the climate there is something to write about. The San Diego herd is to be congratulated on the splendid arrangements made for this joint meeting and the care which was taken to assure a pleasant visit for those who came from Los Angeles. Those of you who read this who live outside California must arrange to come out and see us at the Convention in Los Angeles in May, 1950. We Zebras on the West Coast promise you it will be something to remember. Start planning your trip now.

—A. E. KERN
Western Ranger

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Louisville: Paul W. Miller, Marlborough Company, Atlanta, Ga., Past President of the National Association of Credit Men and current President of the Credit Research Foundation, was the featured speaker at the October meeting of the Louisville Credit Women's Group.

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New Orleans: The New Orleans Credit Women's November meeting was highlighted by an address by J. D. Henderson, managing director of the American Association of Small Business, on "Minding your own business."

Confidentially Speaking

Arthur F. Cooper is now looking after credits and collections at John C. Larkin & Co., Syracuse, N. Y. . . . **Miss Gladys Thompson** succeeds Selden Humphreys as Credit Manager at Tennessee Soap Co., Memphis, Tenn. . . . **Robt. A. Stevens** is the new Credit Manager at Wilkins Candy Co., Chattanooga, Tenn. . . . **C. W. Bradley** succeeds Mrs. Johnson as Credit Manager at Barteldes Seed Co., Denver, Colo. . . . **Benoni Green** has succeeded Wm. Church as Credit Manager at Paul F. Beich Company, Bloomington, Ill. . . . **Lester Gordon** is now Credit Manager at Diamond Wire & Cable Co., Sycamore, Illinois.

Matt S. Hughes, Credit Manager, S. Birkenwald Co., Portland, Ore., has been elected President of the Portland Breakfast Club . . . **Russell Ayres,** President of the Fort Wayne Association of Credit Men, has been advanced to Vice-President of the Fort Wayne National Bank, Fort Wayne, Ind. . . . **Albert V. Bristol,** Vice-President, American Hard Rubber Co., New York City, has retired . . . **Erwin J. Schmeil,** formerly General Auditor of Elastic Stop Nut Corp., Union, N. J., has succeeded Edward C. Lennon as Secretary-Treasurer of the Norma-Hoffman Bearings Corporation, Stamford, Conn. . . . **Abe Mallett** is now Credit Manager at A. H. Hollander & Son, New York, N. Y. . . . **P. M. McIntosh,** Assistant Treasurer, is now handling credits and collections at United Elastic Corp., Easthampton, Mass. . . . **Miss C. H. Ragland** is the new Credit Manager at Berry Brothers Co., Indianapolis, Ind. . . . **Carl H. Hunnius** has succeeded A. H. Kraft as Credit Manager at Heat Proof Table Mat Co., St. Louis, Mo. . . . **Mrs. Loraine Finnegan** is the new Credit Manager at Illinois Supply & Tool Co., Chicago, succeeding Miss Mildred Lawton . . . **Mrs. Lillian Kurowski** has succeeded Mr. Lore, resigned, as Credit Manager at Turner Electric Supply Co., Detroit, Mich.

L. S. Cline, former Treasurer, National Radiator Co., Johnstown, Pa., is now Comptroller at Bucyrus-Erie Co., South Milwaukee, Wis. . . . **R. J. Baumann** has taken over credit management at Parke, Davis & Co., St. Louis, Mo. . . . **Edward C. Brown,** formerly Vice-President, First National Bank, St. Paul, Minn., has been elected Senior Vice-President . . . **B. J. Lund** is the new Credit Manager at Sun Electric Corporation, Chicago, succeeding Louis Langpop . . . **V. E. Lee** has been appointed Secretary of the Jefferson Electric Co., Bellwood, Ill. . . . **Louis A. Mertz,** Vice-President and Treasurer of Dravo Corporation, Pittsburgh, has been elected a Director of his company . . . **Marcus Boyd, Jr.,** succeeds his father, deceased, as Vice-President and Assistant Treasurer of Boiler Tube Co. of America, McKees Rocks, Pa. . . . **E. F. Dow,** formerly Treasurer at Colt's Mfg. Co., Hartford, is now Assistant Treasurer at The International Silver Company, Meriden, Conn. . . . **Walter M. Wilkinson** replaces Chas. Schorpp as Credit Manager at Philadelphia Wholesale Distributors, Philadelphia, Pa. . . . **Wm. G. Colvin** succeeds E. O. Long as Credit Manager at D. L. Clark Co., Pittsburgh, Pa. . . . **J. L. Wanek** has succeeded Mr. W. B. Vaught as Credit Manager at Badger Lumber Co., Kansas City, Mo. Mr. Vaught has taken over other duties.

LOS ANGELES CHANGES—**William Bergstrom** is now Credit Manager at Hoffman Hardware Co., succeeding O. E. Huss, deceased . . . **Claire Walker** is now Credit Manager at Zonne Electric Tool Co. . . . **Harold Gruber** is the new Credit Manager at B-B Pen Company, Inc. . . . **William Fordyce** succeeds John Addington as Credit Manager at Wm. H. Hoegee Company . . . **Charles W. King** now manages the Credit Department at H-R Truck & Equipment Co., succeeding K. Conlin . . . **R. H. O'Blennis** is now Credit Manager at California Production Service, Inc. . . . **W. H. Thompson** formerly Credit Manager at Link-Belt Company—Pacific Div., is now Assistant Sales Manager, **W. V. Chadima** has taken over credit management . . . **A. W. Hewitt** succeeds F. S. Moon as Credit Manager at Signal Oil Co. . . . **Frank D. Hintze** is the new Credit Manager at Pacific Airmotive Corp. . . . **E. E. Gray** has succeeded Bert Dixon as Credit Manager at Creamery Package Mfg. Co. . . . **Miss Mary Masdeo** succeeds Milton Weiss, retired, as Credit Manager at Swank, Inc. . . . **F. G. Brookings** succeeds Dudley Smith as District Credit Manager at Talon, Incorporated . . . **C. J. Hannon** now supervises credits and collections at American Cyanamid Company.

George W. Knourek, formerly Vice-President and Treasurer of the Standard Gas & Electric Co., Chicago, has joined the Pioneer Service & Engineering Co., Chicago, as Vice-President and Director . . . **Harry G. Zimmerman** has been elected President and Treasurer of The Rehm Hardware Co., Chicago . . . **Charles Johnston,** Secretary-Treasurer, Williams & Co., Inc., has retired, but continues as a Director of the company, **Walter Churchill** will succeed Mr. Johnston as Secretary-Treasurer and **Sam Garvin** becomes Assistant Secretary-Treasurer . . . **Byron B. Null** succeeds G. R. Bartels, retired, as Secretary-Controller, Chandler-Boyd Co., Pittsburgh, Pa. . . . **J. B. Wharton, Jr.,** resigned as Vice-President and Treasurer of NOMA Electric Corp., New York, to be Vice-President and Treasurer of The Trailmobile Company, Cincinnati, Ohio. **James A. Marohn** succeeds Mr. Wharton as Treasurer at NOMA Electric Corp., New York.

—E.B.M.

WITH REGRET

We regretfully announce the passing of these members of the Association:

Harry M. Capps, President, J. Capps and Sons, Jacksonville, Ill. . . . **Nathan T. Rukeberg,** President, Regensteiner Corporation, Chicago, Ill. . . . **E. N. Anderson,** Credit Manager, Shell Oil Co., Seattle, Wash., Director of The Seattle Association of Credit Men . . . **P. Brownell,** Puget Sound Power & Light Co., Seattle, Wash. . . . **Archie Krom,** West Coast Machinery Co., Inc., Seattle, Wash. . . . **Arthur G. Foster,** retired, Past-President, 1913-1914, The Seattle Association of Credit Men, Seattle, Wash. . . . **A. L. John,** Credit Manager, Traver Corp., Chicago, Ill. . . . **A. H. Lambeck,** Manager, Bay View Branch, First Wisconsin National Bank, Milwaukee, Wis., and President, 1929-31, of The Milwaukee Association of Credit Men . . . **Roy Hoople,** retired Treasurer, Cargill, Inc., Minneapolis, Minn. . . . **John J. Noble,** Vice-President, Vulcanized Rubber & Plastic Co., Massillon, Ohio . . . **Harry Taylor,** Partner, Taylor & Smith, Philadelphia, Pa. . . . **Wm. E. Hakenholz,** Credit Manager, Union Petroleum Company, Council Bluffs, Iowa . . . **Charles F. McNally,** Vice-President, Meinhard-Greef & Co., New York, N. Y. . . . **Joseph P. Burger,** President, Shirley Fabrics Corp., New York, N. Y. . . . **Lulu Ticknor Roantree,** wife of past National Director R. B. Roantree, Syracuse, N. Y.

—E. B. M.

Robert D. Scott

Funeral services were held for Robert D. Scott, vice-president of the Chemical Bank & Trust Co., at the Central Presbyterian Church, Summit, N. J., November 20. Interment took place the following day at Long Branch, N. J.

Mr. Scott suffered a heart attack on his way home after attending a Chamber of Commerce dinner in New York. He was well known in textile credit and banking circles and was an old and valued member of the New York Credit Men's Association. He was 64 years old.

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Chattanooga: Taking his cue from National President C. Callaway's Southeastern Credit Conference address, Mr. Ernest A. Clevenger, Vice President of Corley Manufacturing Co., spoke on "Credit Sales Manager" at the October meeting of Chattanooga Credit Women's Group. Mr. Clevenger, also an authorized instructor of the Dale Carnegie courses on human relations, focused his listeners' attention on this phase of credit work in making sales profitable for the firm.

A Bingo party was given by the Group on November 29th to raise funds. Part of this money is to be used for the Southeastern Credit Women's Training Conference to be held in Chattanooga February 18th and 19th.

Ten members of the Group are attending the class on Credit and Collection Procedures being taught each Monday night by Mr. Paul Viall.

News from the

CREDIT WOMEN'S GROUPS

Grand Rapids: The Grand Rapids Credit Women have gotten off to a good start this year under the guidance of the following new officers: President, Madaline Urbanski, R. C. Allen Business Machines; Vice President, Esther Plaski, Grand Rapids Fibre Cord Co.; Secretary, Francis Mulvihill, Mulvihill Motor Sales; Treasurer, Minerva Karrip, Ellis Brothers Produce Co.

The speaker of the monthly dinner meeting for September was Mr. Edward De Groot of the Grand Rapids Credit Men whose subject was "The Road to Ruin" (the credit story). Also at the September meeting it was voted to establish an annual scholarship for a course in Credit and Collections offered by the University of Michigan extension service. This year's scholarship was subsequently awarded to Esther Plaski.

The October meeting also proved highly successful with the speaker Mr. Wesley Aves of the W. Aves Associated Advertising speaking on "Your Life and Advertising."

In November the meeting was in the lighter mood. Lillian Scheppie of the Grand Rapids Public Library gave an interesting book review on the life of Billie Burke entitled "A Feather on Her Nose." One of the members, Ann Grinzell, gave a talk on her "Pet Peeves" of credit work. This talk led to a general discussion by all the members on their "Pets" of credit work.

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Houston: The Wholesale Credit Women's Club of Houston joined with the Houston Association of Credit Men, Inc., in their Annual Meeting in October, which was designated as Bosses' Night. Many of our guests represented top management, as well as those engaged in sales activities. A very excellent report of the Association's progress during the year was given by the President, Mr. O. W. Harigel, Houston National Bank.

V. C. Eggerding, General Credit Manager of Gaylord Container Corporation, St. Louis, delivered the main address. He chose for his subject "Today's Requirements of Credit Management." His historical resumé started with the 18th Century and the various developments of business procedure, followed by the requirements which today are necessary.

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New York: A membership in the Credit Men's Fraternity, Inc., has been taken out in the name of Miss Lillian Guth, treasurer of Emerson-New York, Inc.

Recently Miss Marian McSherry, Schenley Industries, Inc., contributed $100 in the Group's name toward the life membership of $1,000, and at that time said that the membership would be dedicated to some outstanding credit woman. Miss Guth, past president of the group and active in credit women's circles and also a director of the New York Credit Men's Association, is now announced as the recipient of the honor.

David Mack, director of labor relations for William R. Warner & Co., Inc., was guest speaker at the dinner meeting during which the announcement was made.

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St. Paul: The Credit Women's Group of the St. Paul Association of Credit Men sponsored a Christmas Party for the members of the local association on December 5th, at the Riverview Commercial Club. Small gifts, square dancing and a varied program of entertainment provided an evening of delightful features.

Alice Muldoon, President of the local group, Elsa Stjernquist, Past President, and Wilma Froiland composed the committee that made all arrangements for the party.

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Denver: "Know Your Association" was the theme of the Credit Women's Club of Denver at their last meeting held October 17, at the Park Lane Hotel. Mr. and Mrs. J. B. McKelvy were guests, and Mr. McKelvy, Secretary-Manager of the Rocky Mountain Association, gave a very interesting talk. The meeting was also dedicated to the women, who pioneered and sponsored the group.

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Omaha: The Credit Women's Group held their monthly dinner meeting October 13 at the Fontenelle Hotel. A discussion of "Credit Problems" followed the dinner. Lillian Granholm, Baker Manufacturing Co., and Mabel Planck, Hudson Equipment Co., were in charge.

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St. Louis, Mo.: With the Midwest Conference of Credit Women's Groups a pleasant memory, the St. Louis Group is now planning projects for the balance of the year. Full reports from all Committee Directors were given at the October meeting. The guest speaker for November was Mr. Alfred Fleishman, who spoke on "Human Relations." Mr. Fleishman is a very well-known speaker on Human and Public Relations—he served as a Major in World War II, receiving many honors for his achievements in the rehabilitation of D. P.'s and combat casualties. His civic accomplishments are many and recently he was awarded the Distinguished Service Medal by the St. Louis Chamber of Commerce for his work in Inter-Racial Problems in St. Louis. A gala Christmas Party is being planned for December.

•

Detroit: The benefit party held by the Detroit Credit Women's Group October 17 was the most successful affair of its kind that the Group has ever staged. All tickets were sold several days in advance and over 200 door prizes were contributed.

As a result six scolarships to Wayne University were awarded; contributions were made of $100 to the United Foundation; $200 to the Ruth Alden Dress Fund; $200 to the Cancer Clinic, and $150 to the Veterans' Hospital to buy cards, stamps and gift packages; and a complete outfit for Christmas for one of the recipients of the scholarships.

The committee in charge of the party is to be congratulated on the success of the event which netted over $1,000.

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Boston: An unusually large number of members attended the November meeting of the Credit Women's Group, to hear Mr. Geo. R. Glendining, Editor and President of Banker & Tradesman Magazine. His comprehensive talk about "housing" gave all an extremely interesting insight into a subject that everyone is interested in today.

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Cleveland: Sixty-five members and guests were in attendance at the November 8th dinner meeting of the Cleveland Credit Women's Club, held at the University Club. Orville B. Tearney, Assistant Credit Manager of Inland Steel Company, came here from Chicago to address the group. His subject, "Responsibility in the Management of Credit," was excellent and very well received.

Cleveland had the largest single delegation to the Ohio Regional Valley Conference held in Dayton October 14, 15 and 16. The Dayton Credit Women's Club is to be congratulated for a splendid program.

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Philadelphia: Miss Lila Mae Walkden, Research Director of the World Affairs Council, spoke before The Philadelphia Credit Women's group on November 10 on the subject of the "United Nations." The group's Christmas party is planned for Saturday, December 17. They also plan a joint Christmas party the previous Saturday with The Credit Men's Association of Eastern Pennsylvania.

The group's welfare committee held a white elephant sale during the meeting which netted $105.00. Gifts contributed by members were sold at auction.

•

Pittsburgh: The credit women of Pittsburgh held their regular monthly meeting at the Congress of Clubs on Wednesday, November 16. Percy O. Eitel, an old friend of the group, discussed collection techniques.

The credit women now have a regular table at the Credo luncheons held weekly by the Credit Association of Western Pennsylvania.

MEET THE MANAGERS

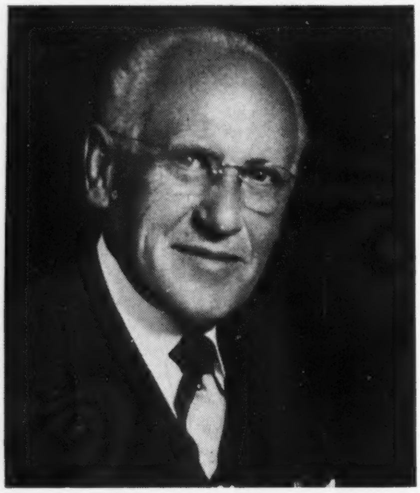
NEARLY 25 years of service to the Credit Association is the record of A. D. (Art) Johnson, Executive Manager-Secretary of the Los Angeles Credit Managers' Association. His career in credit started as the credit manager of a small shoe wholesale house. The entire organization consisted of the boss and himself. So, in addition to checking credits he was the bookkeeper, stenographer, shipping clerk and house salesman. This firm grew and with its growth he was gradually able to confine his efforts solely to credit and office management. During the ensuing years he became affiliated with two other shoe wholesalers, each time advancing to a position of increased responsibility.

In June of 1925 a position as Estates Manager was open with the Los Angeles Wholesalers Board of Trade and he was selected to fill this vacancy. He continued in this capacity being finally named as Assistant Secretary, and on the retirement of F. C. Delano, Secretary-Treasurer-Manager, in 1937 was appointed to this position.

The Los Angeles Wholesalers' Board of Trade and its sister organization, the Board of Trade of San Francisco, have long been recognized as the outstanding adjustment bureaus in the country, the former having been organized in 1883 and the latter a few years previous.

In May of 1943, S. P. Chase, Secretary of the Los Angeles Credit Men's Association, passed away. The committee chosen to appoint his successor consulted the directors of the Los Angeles Wholesalers' Board of Trade in relation to the employment of Secretary Johnson as Mr. Chase's successor and it was agreed between the two organizations that he would be granted a leave of absence from the Board of Trade pending consideration of a merger of the two organizations. This merger was finally consummated early in 1944 and A. D. Johnson was duly elected Secretary-Manager of the merged organization known as the Los Angeles Credit Managers' Association.

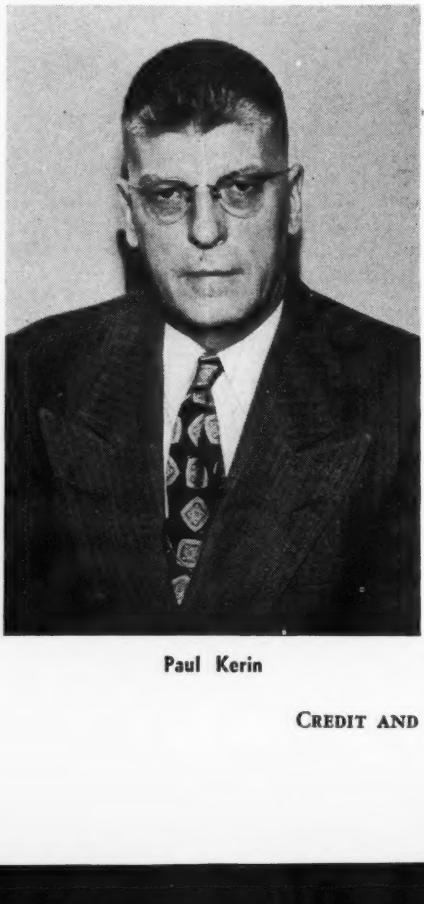
At that time the organization had a membership of 963. It was occupying approximately 6000 square feet in a downtown office building. Subsequent growth of the organization resulted in the movement of the offices to its present location where they are the sole tenant of a building of approximately 15,000 square feet and their membership today stands at 1420. It is the third largest bureau affiliated with the National Association of Credit Men and affords a complete service to all of its members, including a Collection Division, Adjustment Bureau, probably handling as large a volume as any in the country, Credit Interchange Bureau affiliated with the National Credit Interchange. This unit handles the largest volume of any in the system, having a subscribing membership of approximately 850. It also operates a highly specialized Oil Field Division giving special service to the members selling those conducting drilling operations. Industry Credit Groups are also very active.



"Art" Johnson

A little personal history—Johnson was born in Watertown, N. Y., in July of 1887 and was a graduate of the local high school. With his mother he moved to California in 1907. In 1911 he married Marguerite Vail of Chicago. They have two daughters, Mrs. Jack Patterson, Jr., of Visalia, Calif., and Mrs. Robert S. Weaver II, of Sherman Oaks, Calif. Also three grandsons aged 12, 9 and 6.

PAUL KERIN, Secretary of the Dallas Association, started with the Credit Association of Western Pennsylvania in March, 1925, as an adjuster under the immediate supervision of the late H. M. Oliver, who was then adjustment bureau manager. His duties covered all phases of friendly liquidations, extensions and compromise settlements out of court. Thomas Billig, in his book on friendly liquidations, carries case histories of adjustments handled by Mr. Kerin in his Pennsylvania days.



Paul Kerin

From April 1, 1929, to March 1, 1936, he was branch manager of the Altoona office of the Credit Association of Western Pennsylvania. This was one of the first attempts on the part of a local Association in a primary market to spread its influence into smaller wholesale markets. All services were rendered in this branch (group activities, collections, credit interchange and adjustments). This branch, located in central Pennsylvania, gave service to credit management of the nation in the entire central section of that state.

As a result of the bank holidays, some banks, state and national, were forced to liquidate in that area and at the request of one of the bank receivers, Kerin handled the largest mercantile failure in the history of Blair County, in which Altoona is located.

In 1936 he was selected as manager of the Service Corporation of the National Association of Credit Men, Dallas Unit, and continued in the management of its affairs until December 31, 1942, when control of the finances and services passed back to the local board of directors. He served as Association secretary during this period.

The Association has grown from 120 to 300 during Mr. Kerin's management and all services of the Association have progressed in efficiency. The Association boasts twelve industry groups, a chapter of the National Institute of Credit, a collection division and an adjustment bureau, both approved.

Because of the liberality in the exemption laws of the State of Texas, alertness in obtaining cooperation of creditors is of great necessity. Through the early years of training in Adjustment activities and Collection of delinquent accounts, Kerin has been able to increase the return to creditors involved in frozen businesses. The Association does little work in the bankruptcy court, confining its activities to the business man's method of handling involved affairs. Some of these involved businesses have been very sizable and the manner in which handled has gained for the Dallas Association a reputation for efficient performance, both locally and nationally.

HARRY W. VOSS started in the Association service as secretary of the Evansville Association which had been in existence for quite a number of years but as manager of the Bureau which he opened on October 1, 1916.

He continued in that position until January of 1923 when he entered private industry. In July of 1927 he was made manager of the Adjustment and Collection Bureau of the Toledo Association of Credit Men during which time he worked with Mr. Geo. B. Cole.

In February of 1934 he moved to Cincinnati where the membership was at a very low ebb and the Association was in debt to the extent of $11,000 with no

(*Continued on Page 40*)

Index of 1949 articles

Features appearing in Credit and financial Management during the past twelve months

NORTH DAKOTA

(*Continued from Page 7*)

> **TO DRAWEE BANK:**
> **For FULL VALUE amount of this check hereby assigned to payee or order. Transfer funds at par with exchange to**
> **(YOUR BANK)**
> **(IN YOUR TOWN)**
>
> ....
> **MAKER**

3. Say to the person offering a check: "The bank on which this check is drawn will not pay the full amount due here unless you give special instructions. The instructions are just that you have given the check for **full value** and you want the **full amount** paid to us."

4. Ask the customer to sign as "maker."

When this stamp is used the law requires that the bank on which the check is drawn must remit in full in accordance with the maker's instructions.

WHEN checks are received by mail the committee recommends the following procedure:

1. Stamp the check "COLLECT AND PAY AT PAR OR RETURN." Whether or not failure to do it contravenes Section 12-3610 NDRC, a criminal statute, is not determined. Some banks return the checks and some do not.

2. If the check is returned mark it with the "Full Value Stamp" and ask the maker to sign it, then

3. Deposit the check in the usual banking channels.

The folder stresses the point that the neighboring states of Iowa and Nebraska have par-clearance statutes, and that out of all the banks in North Dakota, only 75 are still not on the par list.

Tibbitts Talks at Newark

Newark: K. W. Tibbitts, vice-president of the National Credit Office, Inc., addressed the New Jersey Association of Credit Executives on "Credit and collection problematicals" during their November dinner meeting.

MEET THE MANAGERS

(*Continued from Page 38*)

Harry W. Voss

assets. He was sent to Cincinnati as manager of the Service Corporation and in October of the same year he took over as secretary of the Association. All of the debts have been paid off 100%, the membership has quadrupled and the Association is the owner of government bonds, has paid all of its national per capita dues, discounts all of its bills, and is generally in a fine financial position.

The Association has again and again been recognized as a power in business life in Cincinnati.

He is serving a second term on the National Credit and Collection Committee and was vice chairman of the Secretarial Council during the year of 1947-48.

He is 62 years of age, married, has two children and three grandchildren. Attends the Christian Science Church, has been a member of Rotary Club for the past 15 years, has been chairman of the Easter Seal Sale for the Ohio Society for Crippled Children for the past four years, and has been active in the Community Chest work. His hobby is fishing.

Mill Executive Talks on Agriculture in Pacific Northwest

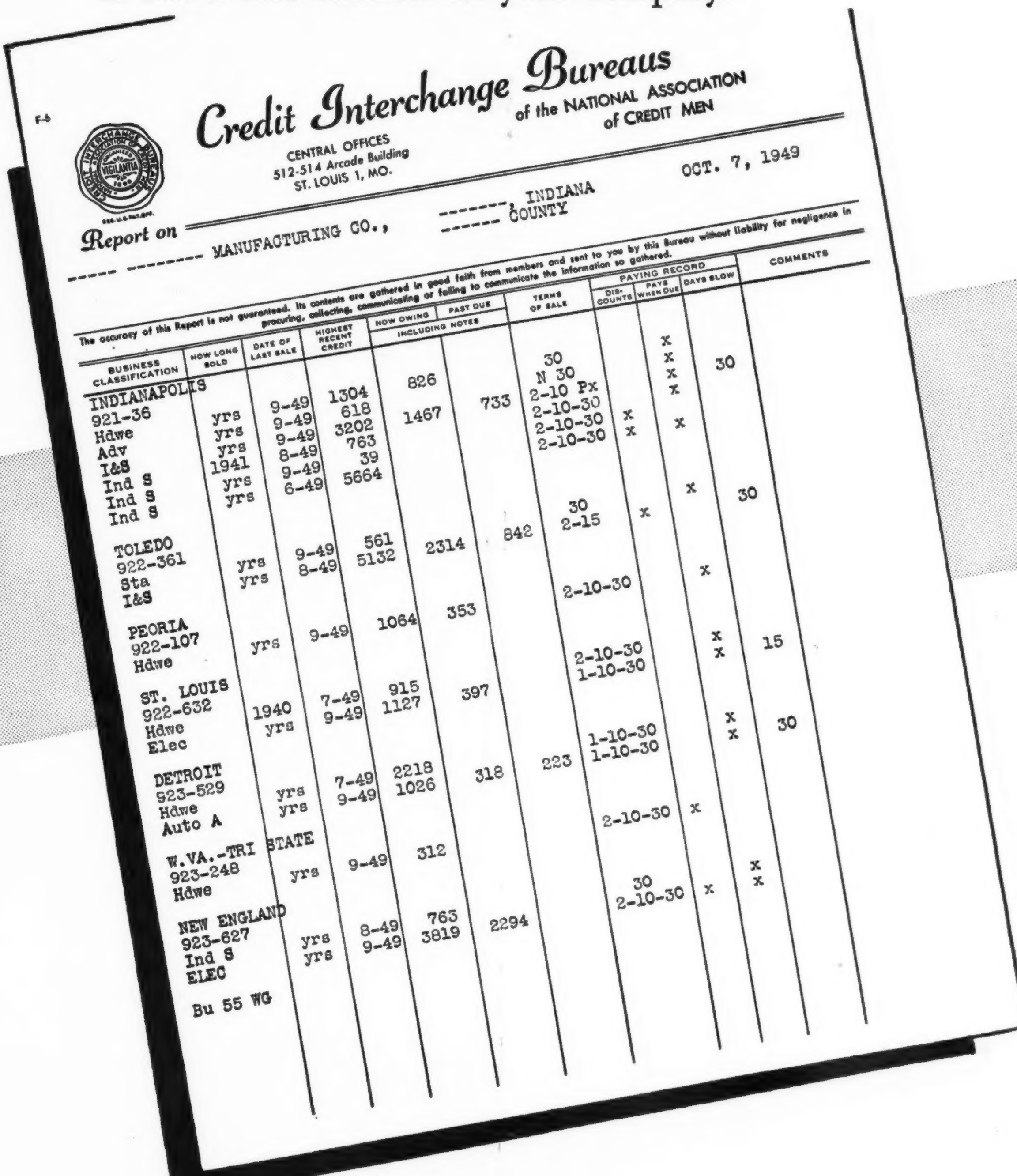
Seattle: John L. Locke, president, Fisher Flouring Mills Co., and president of the Millers' National Federation, discussed the outlook for agriculture in the Pacific Northwest at the Seattle Association's November meeting.

Past National President E. L. Blaine, Jr., Peoples National Bank of Washington, National Director R. William Peterson, Puget Sound Power & Light Co., and Seattle Secretary-Manager C. P. King also took part in the program by describing the activities of the National Association.

Seattle is to be the locale of the 1950 Northwest Conference which will be held March 23 and 24.

PERIODICAL PRESS CORP., PHILA., PA.

"How is business?" That question is on many tongues. But—fully as important—is this one: "What are you doing to assure safe business for your Company?"



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Credit Interchange Bureaus of the NATIONAL ASSOCIATION of CREDIT MEN

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CENTRAL OFFICES
512-514 Arcade Building
ST. LOUIS 1, MO.

OCT. 7, 1949

Report on ----- -------- MANUFACTURING CO., -------, INDIANA ------ COUNTY

The accuracy of this Report is not guaranteed. Its contents are gathered in good faith from members and sent to you by this Bureau without liability for negligence in procuring, collecting, communicating or failing to communicate the information so gathered.

BUSINESS CLASSIFICATION	HOW LONG SOLD	DATE OF LAST SALE	HIGHEST RECENT CREDIT	NOW OWING (INCLUDING NOTES)	PAST DUE (INCLUDING NOTES)	TERMS OF SALE	PAYING RECORD: DISCOUNTS	PAYING RECORD: PAYS WHEN DUE	PAYING RECORD: DAYS SLOW	COMMENTS
INDIANAPOLIS 921-36										
Hdwe	yrs	9-49	1304	826		30		x	30	
Adv	yrs	9-49	618			N 30		x		
I&S	yrs	9-49	3202	1467	733	2-10 Px		x		
Ind S	1941	8-49	763			2-10-30	x	x		
Ind S	yrs	9-49	39			2-10-30	x	x		
Ind S	yrs	6-49	5664			2-10-30				
TOLEDO 922-361										
Sta	yrs	9-49	561	2314	842	30	x	x	30	
I&S	yrs	8-49	5132			2-15				
PEORIA 922-107										
Hdwe	yrs	9-49	1064	353		2-10-30		x		
ST. LOUIS 922-632										
Hdwe	1940	7-49	915	397		2-10-30		x	15	
Elec	yrs	9-49	1127			1-10-30		x		
DETROIT 923-529										
Hdwe	yrs	7-49	2218	318	223	1-10-30		x	30	
Auto A	yrs	9-49	1026			1-10-30		x		
W.VA.-TRI STATE 923-248										
Hdwe	yrs	9-49	312			2-10-30	x			
NEW ENGLAND 923-627										
Ind S	yrs	8-49	763	2294		30	x	x		
ELEC	yrs	9-49	3819			2-10-30		x		

Bu 55 WG

"For Service Only"

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